



Sean Rogan
Executive Director

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of the County of Los Angeles**

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Commissioners

ADOPTED

BOARD OF COMMISSIONERS
HOUSING AUTHORITY

November 29, 2011

#5-H NOVEMBER 29, 2011

The Honorable Board of Commissioners
Housing Authority of the
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

SACHI A. HAMAI
EXECUTIVE OFFICER

Dear Commissioners:

**ADOPT RESOLUTION AUTHORIZING ISSUANCE OF TAX-EXEMPT MULTIFAMILY HOUSING
MORTGAGE REVENUE BONDS FOR MULTIFAMILY HOUSING IN THE CITY OF WEST
HOLLYWOOD
(DISTRICT 3) (3 VOTES)**

SUBJECT

This letter requests that your Board authorize the issuance, sale and delivery of tax-exempt Multifamily Housing Mortgage Revenue Bonds for the construction and development of Courtyard at La Brea, a 32-unit multifamily rental housing development to be located in the City of West Hollywood.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Find that this adoption of a resolution authorizing the issuance, sale and delivery of tax-exempt Multifamily Housing Mortgage Revenue Bonds is not subject to the California Environmental Quality Act (CEQA) because the proposed activity will not have the potential for causing a significant effect on the environment.
2. Adopt and instruct the Mayor to sign the attached Resolution, as required under Section 147(f) of the Internal Revenue Code of 1986, authorizing the issuance of tax-exempt Multifamily Housing Mortgage Revenue Bonds (Bonds) by the Housing Authority of the County of Los Angeles (Housing Authority), in an aggregate amount not exceeding \$7,800,000, to assist West Hollywood Community Housing Corporation L.P. (Developer) in financing the acquisition, construction and development of Courtyard at La Brea, a 32-unit multifamily rental housing development to be located at 1145-1151 North La Brea Avenue in the City of West Hollywood.

3. Authorize the Executive Director or his designee to negotiate, execute, and if necessary amend or terminate all related documents and take all necessary actions for the issuance, sale, and delivery of the Bonds.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of this action is to authorize the issuance, sale and delivery of the tax-exempt Bonds, in an aggregate amount not to exceed \$7,800,000, to finance the acquisition, construction and development of Courtyard at La Brea. This action will also allow the bonds to qualify for a tax exemption under Section 103 of the Internal Revenue Code of 1986.

FISCAL IMPACT/FINANCING

There is no impact on the County general fund.

The Developer will repay the Bonds solely through rent revenues, and will pay all fees and related costs.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The Housing Authority issues tax-exempt Multifamily Housing Mortgage Revenue Bonds on an ongoing basis to provide financing to increase the supply of multifamily housing for very low, low-, and moderate-income households throughout Los Angeles County.

Courtyard at La Brea will be located at 1145-1151 North La Brea Avenue in the City of West Hollywood and will consist of a five-story apartment building, comprised of 24 one-bedroom units, seven studio units, and one two-bedroom unit. Fifteen of the units will be reserved for households with incomes that do not exceed 50% of the area median income and sixteen of the units will be reserved for households with incomes that do not exceed 30% of the area median income for the Los Angeles-Long Beach Metropolitan Statistical Area, adjusted for household size, as determined by the U.S. Department of Housing and Urban Development (HUD). The affordability requirements will remain in effect for 55 years. Fifteen of the affordable units will be occupied by special needs households. One two-bedroom unit will be set-aside for the manager and will have no affordability requirements.

On June 6, 2011, the City Council of the City of West Hollywood adopted a resolution authorizing the Housing Authority of The County of Los Angeles to issue multifamily revenue bonds to finance the construction and development of Courtyard at La Brea.

On June 8, 2011, the Housing Authority conducted a public hearing regarding the issuance of the Bonds, at its office located at 2 Coral Circle in Monterey Park. No comments were received at the public hearing concerning the issuance of the bonds or the nature and location of the development.

On July 5, 2011, your Board adopted an Inducement Resolution declaring the intent of the Housing Authority to undertake the financing of a Multifamily Housing Mortgage Revenue Bond project in accordance with United States Treasury Department Regulations. This action established a base date after which costs incurred by the Developer for Courtyard at La Brea could be included in the acquisition, construction and permanent financing obtained pursuant to the issuance of tax-exempt bonds.

On July 5, 2011, the Board of Supervisors adopted a resolution approving issuance of the bonds, as authorized by Section 147(f) of the Internal Revenue Code of 1986.

The attached Resolution was prepared by Kutak Rock, Housing Authority Bond Counsel, and approved as to form by County Counsel. All other related documents, in substantially final form, are on file with the Executive Office of the Board. They will be approved as to form by County Counsel prior to execution by the authorized parties.

On November 16, 2011 the Housing Commission recommended approval of the proposed action.

ENVIRONMENTAL DOCUMENTATION

This action is exempt from the provisions of the National Environmental Policy Act (NEPA) pursuant to 24 Code of Federal Regulations, Part 58, Section 58.34(a)(3) because it involves administrative activities that will not have a physical impact on or result in any physical changes to the environment.

This action is also not subject to the provisions of CEQA pursuant to State CEQA Guidelines 15060(c)(3) and 15378, because it is not defined as a project under CEQA and does not have the potential for causing a significant effect on the environment.

The Courtyard at La Brea project was determined Categorically Exempt from the requirements of CEQA by the City of West Hollywood in accordance with State CEQA Guidelines Section 15332. The Housing Authority's approval of this determination as Responsible Agency on July 5, 2011 satisfies the requirements of CEQA.

An Environmental Assessment (EA) has been prepared for this project, pursuant to NEPA requirements. Based on the conclusions and findings of the EA, a Finding of No Significant Impact was approved by the Certifying Official of the Community Development Commission on June 27, 2011. Following the required public and agency comment periods, HUD issued a Release of Funds for this project effective July 13, 2011.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The proposed action is a necessary step to facilitate bond financing for the Courtyard at La Brea Apartments, which will increase the supply of affordable housing in the County with long-term affordability.

The Honorable Board of Supervisors

11/29/2011

Page 4

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Sean Rogan", followed by a horizontal line.

SEAN ROGAN

Executive Director

SR:jwr

Enclosures

RESOLUTION AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF A MULTIFAMILY HOUSING REVENUE BOND IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$7,800,000 FOR THE PURPOSE OF MAKING A LOAN TO PROVIDE FINANCING FOR A MULTIFAMILY RENTAL HOUSING PROJECT KNOWN AS COURTYARD AT LA BREA, DETERMINING AND PRESCRIBING CERTAIN MATTERS RELATING THERETO, AND APPROVING AND AUTHORIZING THE EXECUTION OF RELATED DOCUMENTS, AGREEMENTS AND ACTIONS.

WHEREAS, The Housing Authority of the County of Los Angeles (the “Authority”) is authorized and empowered by the provisions of Section 34312.3 of the Health and Safety Code of the State of California (the “Act”) to issue and sell revenue bonds for the purpose of making loans or otherwise providing funds to finance the acquisition, construction and development of multifamily residential rental housing projects, including units for households meeting the income limits set forth in the Act; and

WHEREAS, there has been prepared and presented to this Board for consideration at this meeting the documentation required for the issuance of a bond for the financing of the Courtyard at La Brea to be located at 1145-1151 North LaBrea Avenue, West Hollywood, Los Angeles County, California (the “Project”) for the benefit of The Courtyard at La Brea, L.P.; and

WHEREAS, it appears that each of the documents and instruments above referred to which are now before this meeting is in appropriate form and is an appropriate instrument to be executed and delivered for the purposes intended.

NOW, THEREFORE, BE IT RESOLVED, by the Board of Commissioners of the Housing Authority of the County of Los Angeles, as follows:

1. It is hereby found and determined that it is necessary and desirable for the Authority to provide financing for the Project through the issuance and sale of the Bonds (as hereinafter defined) in order to assist in the acquisition, construction and development of the type of dwelling units provided by the Project.

2. For the purpose of raising moneys with which to effectuate financing for the Project, the Authority hereby determines to issue its Multifamily Housing Revenue Bond (The Courtyard at La Brea Apartments), Series 2011B (or such other series designation as may be designated by officers or agents of the Authority), in one or more series or subseries, each with an appropriate series designation (the “Bonds”), in an aggregate principal amount not to exceed \$7,800,000. The Bonds shall bear interest at the interest rates set forth in or determined in accordance with an indenture of trust (the “Indenture”), maturing as provided in the Indenture, but not later than 35 years from the date of issue. The Bonds shall be in substantially the form set forth in the Indenture, with such appropriate variations, omissions, insertions and provisions as are permitted or required by the Indenture, which shall be appropriately completed when the Bonds are prepared.

The Bonds shall be a limited obligation of the Authority payable solely from the revenues, receipts and other moneys pledged therefor under the Indenture.

The Bonds shall be executed on behalf of the Authority by the manual or facsimile signature of the Chair of this Board or the Executive Director of the Authority.

3. The proposed form of Indenture, in the form presented to this meeting, is hereby approved. The Chair of this Board and the Executive Director of the Authority or his designee are each hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver the Indenture, in substantially said form, with such additions thereto or changes therein as such officer may approve or recommend upon consultation with counsel to the Authority and Bond Counsel to the Authority (provided that such additions or changes shall not authorize an aggregate principal amount of Bonds in excess of the amount stated above or result in an initial interest rate on the Bonds in excess of 9%), the approval of such additions or changes to be evidenced conclusively by the execution and delivery of the Indenture. The Bonds may, if so provided in the Indenture, be issued as a “draw down” bond to be funded over time as provided in the Indenture. The date, maturity date, interest rate or rates, interest payment dates, denominations, form, registration privileges, manner of execution, place of payment, terms of redemption and other terms of the Bonds shall be as provided in the Indenture as finally executed.

4. The proposed form of Loan Agreement (the “Loan Agreement”), in the form presented to this meeting, is hereby approved. The Chair of this Board and the Executive Director of the Authority or his designee are each hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver the Loan Agreement, with such additions or changes in said document as such officer may recommend or approve upon consultation with counsel to the Authority and Bond Counsel to the Authority, the approval of such additions or changes to be evidenced conclusively by the execution and delivery of the Loan Agreement.

5. The proposed form of Regulatory Agreement and Declaration of Restrictive Covenants (the “Regulatory Agreement”) in the form presented to this meeting, is hereby approved. The Chair of this Board and the Executive Director of the Authority or his designee are each hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver the Regulatory Agreement, with such additions or changes in said document as such officer may recommend or approve upon consultation with counsel to the Authority and Bond Counsel to the Authority, the approval of such additions or changes to be evidenced conclusively by the execution and delivery of the Regulatory Agreement.

6. This Board hereby appoints the Executive Director of the Authority or his designee as administrator/manager with respect to the Project and other matters arising in connection with the Bonds (the “Administrator”).

7. All consents, approvals, notices, orders, requests and other actions permitted or required by any of the documents authorized by this resolution, whether before or after the issuance of the Bonds, including without limitation any of the foregoing which may be necessary or desirable in connection with any default under or amendment of such documents, any transfer or other disposition of the Project or any redemption of the Bonds, may be given or taken by the Administrator without further authorization by this Board, and the Administrator is hereby authorized and directed to give any such consent, approval, notice, order or request and to take any such action which such officer may deem necessary or desirable to further the purposes of this resolution.

8. All actions heretofore taken by the officers and agents of the Authority with respect to the sale and issuance of the Bonds are hereby approved, confirmed and ratified, and the proper officers of the Authority are hereby authorized and directed, for and in the name and on behalf of the Authority to do any and all things and take any and all actions and execute and deliver any and all certificates, agreements and other documents, including but not limited to those described in the Indenture and the other documents herein approved, which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and delivery of the Bonds and to effectuate the purposes thereof and of the documents herein approved in accordance with this resolution and resolutions heretofore adopted by the Authority.

9. All resolutions or parts thereto in conflict herewith are, to the extent of such conflict, hereby repealed.

10. This resolution shall take effect upon its adoption.

PASSED AND ADOPTED by the Board of Commissioners of the Housing Authority of the County of Los Angeles, State of California, this 29th day of November, 2011, by the following vote:

AYES: Supervisor Molina, Ridley-Thomas, Yaroslowsky, Knabe and Antonovich

NOES: None

ABSENT: None

ABSTAIN: None

By: Mike Antonovich
Michael D. Antonovich
Chair of the Board of Commissioners

ATTEST:

Sachi A. Hamai
Executive Officer
of the Board of Commissioners

By: Benjamin Janala
Deputy



APPROVED AS TO FORM:

ANDREA SHERIDAN ORDIN
County Counsel

By: Behrooz Jashke
Deputy

INDENTURE

by and among the

THE HOUSING AUTHORITY OF THE COUNTY OF LOS ANGELES

and

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

and

UNION BANK, N.A.,
as Bondowner Representative

Dated as of December 1, 2011

Relating to:

\$7,800,000
The Housing Authority of the County of Los Angeles
Multifamily Housing Revenue Bond
(The Courtyard at La Brea Apartments),
Series 2011B

TABLE OF CONTENTS

Page

ARTICLE I DEFINITIONS AND GENERAL PROVISIONS

Section 1.01.	Definitions.....	4
Section 1.02.	Rules of Construction	12

ARTICLE II THE BOND

Section 2.01.	Authorization	12
Section 2.02.	Terms of Bond	13
Section 2.03.	Payment of Bond.....	14
Section 2.04.	Execution of Bond; Mutilated, Lost or Destroyed Bond	14
Section 2.05.	Transfer of Bond	15
Section 2.06.	Bond Register.....	16
Section 2.07.	Source of Payment of Bond and Other Obligations; Disclaimer of General Liability	16
Section 2.08.	Exempt From Individual Liability	17

ARTICLE III ISSUANCE OF BOND; APPLICATION OF PROCEEDS

Section 3.01.	Authentication and Delivery of the Bond	17
Section 3.02.	Application of Proceeds of Bond.....	18
Section 3.03.	Program Fund.....	18
Section 3.04.	Issuer's Annual Fee.....	19

ARTICLE IV REDEMPTION OF BOND

Section 4.01.	Circumstances of Redemption	19
Section 4.02.	No Notice of Redemption	20
Section 4.03.	Effect of Redemption	21
Section 4.04.	Purchase in Lieu of Redemption.....	21

ARTICLE V FUNDS AND ACCOUNTS

Section 5.01.	Pledge of Revenues.....	21
Section 5.02.	Bond Fund.....	23
Section 5.03.	Investment of Moneys.....	23
Section 5.04.	Assignment to Trustee; Enforcement of Obligations.....	24

ARTICLE VI REPRESENTATIONS AND COVENANTS

Section 6.01.	Payment of Principal and Interest	25
Section 6.02.	Paying Agents	25

Section 6.03.	Preservation of Revenues; Amendment of Documents	25
Section 6.04.	Compliance with Indenture	25
Section 6.05.	Further Assurances.....	25
Section 6.06.	No Arbitrage	26
Section 6.07.	Limitation of Expenditure of Proceeds	26
Section 6.08.	Rebate of Excess Investment Earnings to United States	26
Section 6.09.	Limitation on Issuance Costs	26
Section 6.10.	Federal Guarantee Prohibition	26
Section 6.11.	Prohibited Facilities	26
Section 6.12.	Use Covenant.....	27
Section 6.13.	Immunities and Limitations of Responsibility of Issuer.....	27
Section 6.14.	No Recourse.....	28
Section 6.15.	General Representation	28

ARTICLE VII DEFAULT

Section 7.01.	Events of Default; Acceleration; Waiver of Default.....	28
Section 7.02.	Institution of Legal Proceedings by Bondowner Representative.....	30
Section 7.03.	Application of Moneys Collected by Trustee	30
Section 7.04.	Effect of Delay or Omission to Pursue Remedy	30
Section 7.05.	Remedies Cumulative	31
Section 7.06.	Covenant to Pay Bond in Event of Default.....	31
Section 7.07.	Bondowner Representative Appointed Agent for Bondholder	31
Section 7.08.	Power of Bondowner Representative to Control Proceedings.....	31
Section 7.09.	Limitation on Bondholder's Right to Sue.....	32
Section 7.10.	Limitation of Liability to Revenues.....	32

ARTICLE VIII THE TRUSTEE

Section 8.01.	Duties, Immunities and Liabilities of Trustee.....	32
Section 8.02.	Right of Trustee to Rely Upon Documents, Etc	34
Section 8.03.	Trustee Not Responsible for Recitals	35
Section 8.04.	Intervention by Trustee	35
Section 8.05.	Moneys Received by Trustee.....	35
Section 8.06.	Compensation and Immunities of Trustee and Agents	36
Section 8.07.	Qualifications of Trustee.....	36
Section 8.08.	Merger or Consolidation of Trustee.....	36
Section 8.09.	Dealing in Bonds.....	36
Section 8.10.	Trustee and Bondowner Representative's Fees, Charges and Expenses	36
Section 8.11.	Resignation by Trustee	37
Section 8.12.	Removal of Trustee.....	37
Section 8.13.	Appointment of Successor Trustee	37
Section 8.14.	Acceptance by Successor Trustees	37
Section 8.15.	Successor Trustee as Custodian of Funds and Paying Agent	38
Section 8.16.	Co-Trustee.....	38
Section 8.17.	Certain Representations of Trustee	40
Section 8.18.	Compliance with Laws	40

Section 8.19.	Proprietary or Confidential Information of Issuer	40
Section 8.20.	Audit and Inspection of Records.....	40
Section 8.21.	Compliance with Americans with Disabilities Act.....	40

ARTICLE IX MODIFICATION OF INDENTURE

Section 9.01.	Modification of Indenture	41
Section 9.02.	Effect of Supplemental Indenture	41
Section 9.03.	Opinion of Counsel as to Supplemental Indenture	41
Section 9.04.	Notation of Modification on Bond; Preparation of New Bond.....	42

ARTICLE X DEFEASANCE

Section 10.01.	Discharge of Indenture.....	42
Section 10.02.	Payment of Bond after Discharge of Indenture	42

ARTICLE XI MISCELLANEOUS

Section 11.01.	Successors of Issuer	43
Section 11.02.	Limitation of Rights to Parties and Bondholders.....	43
Section 11.03.	Waiver of Notice.....	43
Section 11.04.	Destruction of Bond.....	43
Section 11.05.	Separability of Invalid Provisions.....	43
Section 11.06.	Notices	43
Section 11.07.	Authorized Representatives	44
Section 11.08.	Evidence of Rights of Bondholder.....	45
Section 11.09.	Waiver of Personal Liability	45
Section 11.10.	Business Days	46
Section 11.11.	Execution in Several Counterparts.....	46
Section 11.12.	Governing Law	46
Section 11.13.	Successors	46
Section 11.14.	CUSIP Numbers.....	47
Section 11.15.	Indemnification of Issuer by Bondowner Representative.....	47

EXHIBIT A – FORM OF BOND.....	A-1
EXHIBIT B – FORM OF INVESTOR’S LETTER	B-1
EXHIBIT C – FORM OF REQUISITION	C-1

INDENTURE

THIS INDENTURE, dated as of December 1, 2011 (the “Indenture”), is by and among THE HOUSING AUTHORITY OF THE COUNTY OF LOS ANGELES, a public body, corporate and politic, organized and existing under the laws of the State of California, (herein called the “Issuer”), U.S. BANK NATIONAL ASSOCIATION, a national banking association organized under the laws of the United States of America, and being qualified to accept and administer the obligations and duties of the trusts of the character set forth herein, as trustee (herein called the “Trustee”), and UNION BANK, N.A. a national banking association organized under the laws of the United States of America, as the initial purchaser of the Bonds hereunder (herein called the “Bondowner Representative”).

WITNESSETH:

WHEREAS, pursuant to Chapter 1 of Part 2 of Division 24 of the Health and Safety Code of the State of California (the “Act”), the Issuer is empowered to issue bonds and other indebtedness to finance the acquisition and construction of multifamily rental housing; and

WHEREAS, the Act authorizes the Issuer: (a) to make loans to any person to provide financing for rental residential developments, and intended to be occupied in part by person of low and moderate income, as determined by the Issuer; (b) to issue its revenue bonds for the purpose of obtaining moneys to make such loans and provide such financing, to establish necessary reserve funds and to pay administrative costs and other costs incurred in connection with the issuance of such bonds; and (c) to pledge all or any part of the revenues, receipts or resources of the Issuer, including the revenues and receipts to be received by the Issuer from or in connection with such loans, and to mortgage, pledge or grant security interests in such loans or other property of the Issuer in order to secure the payment of the principal or redemption price of and interest on such bonds; and

WHEREAS, the Issuer proposes to issue in accordance with the Act, its Multifamily Housing Revenue Bond (The Courtyard at La Brea Apartments), Series 2011B (the “Bond”); and

WHEREAS, the proceeds of the Bond will be used to fund a loan to The Courtyard at La Brea, L.P., a California limited partnership (the “Borrower”) pursuant to the Construction and Permanent Loan Agreement (Multifamily Housing Bond Program), dated as of December 1, 2011 (the “Loan Agreement”), among the Issuer, Union Bank, N.A. as the Bondowner Representative thereunder, and the Borrower, to provide financing for the acquisition and construction of a residential rental housing project known as “The Courtyard at La Brea Apartments,” consisting of 31 housing units, plus one manager unit, located in West Hollywood, California (the “Project”); and

WHEREAS, in order to provide for the authentication and delivery of the Bond, to establish and declare the terms and conditions upon which the Bond is to be issued and secured and to secure the payment of the principal thereof and of the interest and premium, if any, thereon, the Issuer has authorized the execution and delivery of this Indenture; and

WHEREAS, the Issuer has determined that all conditions, things and acts required by the Act, and by all other laws of the State of California, to exist, have happened and have been

performed in satisfaction of conditions precedent to and in connection with the issuance of the Bond exist, have happened, and have been performed in due time, form and manner as required by law, and the Issuer is now duly authorized and empowered, pursuant to each and every requirement of law, to issue the Bond for the purpose, in the manner and upon the terms herein provided; and

WHEREAS, the Issuer has determined that all acts and proceedings required by law necessary to make the Bond, when executed by the Issuer, authenticated and delivered by the Trustee and duly issued, the valid, binding and legal limited obligation of the Issuer, and to constitute this Indenture a valid and binding agreement for the uses and purposes herein set forth, in accordance with its terms, have been done and taken; and the execution and delivery of this Indenture have been in all respects duly authorized.

NOW, THEREFORE, THIS INDENTURE WITNESSETH, that in order to secure the payment of the principal of, and the interest and premium, if any, on, the Bond at any time issued and outstanding under this Indenture, according to their tenor, and to secure the performance and observance of all the covenants and conditions therein and herein set forth, and to declare the terms and conditions upon and subject to which the Bond is to be issued and received, and for and in consideration of the premises and of the mutual covenants herein contained and of the purchase and acceptance of the Bond by the owner thereof, and for other valuable consideration the receipt and sufficiency of which is hereby acknowledged, the Issuer covenants and agrees with the Trustee, for the equal and proportionate benefit of the respective registered Holder from time to time of the Bond, as follows:

GRANTING CLAUSES

The Issuer, in consideration of the premises and the acceptance by the Trustee of the trusts hereby created and of the purchase and acceptance of the Bond by the Holder thereof, in order to secure the payment of the principal and premium, if any, of and interest on the Bond according to their tenor and effect and the performance and observance by the Issuer of all the covenants expressed or implied herein and in the Bond, does hereby grant, assign, transfer in trust, and pledge to the Trustee and the Bondowner Representative, as their interest may appear and to its successors in trust, and to them and their assigns, the following (excepting, however, the Unassigned Issuer's Rights):

GRANTING CLAUSE FIRST

All right, title and interest of the Issuer in and to the Loan Agreement, the Note and the other Loan Documents, including, but not limited to, all sums (including Revenues) which the Issuer is entitled to receive from the Borrower pursuant to the Loan Agreement, the Note and the other Loan Documents (but excluding Unassigned Issuer's Rights), all moneys and investments held in Funds and Accounts held by the Trustee under this Indenture, and all other sums required to be deposited in the Program Fund and the Bond Fund in accordance with this Indenture;

GRANTING CLAUSE SECOND

All the Issuer's right, title and interest in all property mortgaged, pledged and assigned under the Deed of Trust, the Loan Agreement and the other Loan Documents to secure the Bond and any and all other property of every name and nature which may from time to time hereafter by delivery or by writing of any kind be subjected to the lien hereof by the Issuer or by anyone on its behalf or with its written consent, and the Trustee is hereby authorized to receive any and all such property at any and all times and to hold and apply the same as additional security hereunder subject to the terms hereof; and

GRANTING CLAUSE THIRD

The earnings derived from the investment of any of the foregoing sums as provided herein.

TO HAVE AND TO HOLD all the same (herein called the "Trust Estate") with all privileges and appurtenances hereby granted and assigned, or agreed or intended so to be, to the Trustee and the Bondowner Representative as their interests may appear and its successors in trust and to them and their assigns forever;

IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth, for the equal and proportionate benefit, security and protection of the Holders from time to time of the Bond issued under and secured by this Indenture all for the uses and purposes and upon the terms, agreements and conditions set forth herein;

PROVIDED, HOWEVER, that if the Issuer, its successors or assigns, shall well and truly pay, or cause to be paid, or provide fully for payment as herein provided of the principal of the Bond and the interest due or to become due thereon (together with premium, if any), at the time and in the manner set forth in the Bond according to the true intent and meaning thereof, and shall make the payments into the Bond Fund as required hereby or shall provide, as permitted hereby, for the payment thereof by depositing with the Trustee sums sufficient for payment of the entire amount due or to become due thereon as herein provided, and shall well and truly keep, perform and observe all the covenants and conditions pursuant to the terms of this Indenture to be kept, performed and observed by it, and shall pay to the Trustee all sums of money due or to become due to it in accordance with the terms and provisions hereof, then this Indenture and the rights hereby granted shall cease and terminate, except as otherwise provided herein.

THIS INDENTURE FURTHER WITNESSETH, and it is expressly declared, that the Bond issued and secured hereunder shall be issued, authenticated and delivered, and all payments, revenues, income and funds hereby pledged and assigned, are to be pledged and assigned, subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes hereinafter expressed, and the Issuer has agreed and covenanted, and does hereby agree and covenant, with the Trustee and with the respective Holder and owner of the Bond, as follows:

ARTICLE I

DEFINITIONS AND GENERAL PROVISIONS

Section 1.01. Definitions. Unless the context otherwise requires, the terms defined in this Section 1.01 shall, for all purposes of this Indenture and of the Loan Agreement and of any indenture supplemental hereto or agreement supplemental thereto, have the meanings herein specified, as follows:

The term “Act” shall have the meaning assigned to such term in the recitals above.

The term “Administrator” shall mean any substitute administrator appointed by the Issuer as agent of the Issuer in the administration of the Regulatory Agreement.

The term “Agreement” or “Loan Agreement” shall mean the Construction and Permanent Loan Agreement (Multifamily Housing Bond Program with Trustee), dated as of December 1, 2011, among the Bondowner Representative, the Issuer and the Borrower, pursuant to which the Issuer agrees to loan the proceeds of the Bond to the Borrower, as originally executed or as it may from time to time be supplemented or amended in accordance with its terms.

The term “Annual Fee,” when used with reference to the Issuer, means the Issuer’s Ongoing Fee as set forth in Section 7(m), inclusive, of the Regulatory Agreement.

The term “Authorized Amount” shall mean Seven Million Eight Hundred Thousand and No/100ths Dollars (\$7,800,000), the authorized maximum principal amount of the Bond.

The term “Authorized Borrower Representative” shall mean any person who at the time and from time to time may be designated as such, by written certificate furnished to the Issuer, the Trustee and the Bondowner Representative containing the specimen signature of such person and signed on behalf of the Borrower by the Manager of the Co-General Partner of the Borrower, which certificate may designate an alternate or alternates.

The term “Authorized Issuer Representative” shall mean the Chair of the Board or Executive Director of the Issuer, or such other person at the time designated to act on behalf of the Issuer as evidenced by a written certificate furnished to the Trustee and the Borrower containing the specimen signature of such person and signed on behalf of the Issuer by an Authorized Issuer Representative. Such certificate may designate an alternate or alternates, each of whom shall be entitled to perform all duties of the Authorized Issuer Representative..

The term “Bond” shall mean The Housing Authority of the County of Los Angeles Multifamily Housing Revenue Bond (The Courtyard at La Brea Apartments), Series 2011B issued and outstanding hereunder.

The term “Bond Counsel” shall mean (a) Kutak Rock LLP or (b) any attorney at law or other firm of attorneys selected by the Issuer of nationally recognized standing in matters pertaining to the federal tax status of interest on bonds issued by states and political subdivisions, and duly admitted to practice law before the highest court of any state of the United States of America, but shall not include counsel for the Borrower.

The term “Bond Fund” shall mean the fund established pursuant to Section 5.02 hereof.

The term “Bondowner Representative” shall mean (a) initially, Union Bank, N.A. a national banking association organized under the laws of the United States of America, or (b) any successor thereto as permitted by Section 2.05(b) hereof.

The term “Bond Register” shall have the meaning specified in Section 2.06 hereof.

The term “Bond Year” shall mean the one-year period beginning on [DATE] in each year and ending [DATE] in the following year, except that the first Bond Year shall begin on the Closing Date and end on [DATE].

The term “Borrower” shall mean The Courtyard at La Brea, L.P., a California limited partnership, and its successors and assigns under the provisions of the Loan Agreement.

The term “Business Day” shall mean any day other than a Saturday, Sunday, legal holiday, or a day on which banking institutions in the city in which the Trustee’s Principal Office is located are authorized or obligated by law or executive order to close.

The term “Certificate of the Issuer” shall mean a certificate of the Issuer signed by an Authorized Issuer Representative or such other person as may be designated and authorized to sign for the Issuer. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument.

The term “Certified Resolution” shall mean a copy of a resolution of the Issuer certified by the Issuer to have been duly adopted by the Issuer and to be in full force and effect on the date of such certification.

The term “Closing Date” shall mean December [___], 2011, the date of initial delivery of the Bond and funding of the initial advance of the principal amount of the Bond and the Loan (in the amount referenced in Section 3.01(vii)).

The term “Code” shall mean the Internal Revenue Code of 1986 as in effect on the date of issuance of the Bond or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the date of issuance of the Bond, together with applicable proposed, temporary and final regulations promulgated, and applicable official public guidance published, under the Code.

The term “Completion Certificate” shall mean the certificate delivered by the Borrower referred to in Section 3.03(g).

The term “Costs of Issuance Account” shall mean the Costs of Issuance Account of the Program Fund created pursuant to Section 3.03.

The term “Credit Facility” shall mean (i) a letter of credit, surety bond, insurance policy, standby purchase agreement, guaranty, mortgage backed security or other credit facility,

collateral purchase agreement or similar agreement issued by a financial institution (including without limitation Fannie Mae or Freddie Mac) which causes the Bonds to be rated in the “A” category or higher by a Rating Agency and which provides security for the payment of (a) the principal of and interest on the Bonds (but in no case less than all of the Outstanding Bonds when due) and (b) the Purchase Price of the Bonds, in each case satisfactory to the applicable Rating Agency rating the Bonds, or (ii) any substitute credit enhancement for any of the above.

The term “Debt Service” shall mean the scheduled amount of interest and amortization of principal payable on the Bond during the period of computation, excluding amounts scheduled during such period which relate to principal which has been retired before the beginning of such period.

The term “Deed of Trust” shall mean the Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing (Construction Trust Deed) (Multifamily Housing Bond Program with Trustee), dated as of December 1, 2011, executed by the Borrower for the benefit of the Issuer and the Bondowner Representative, as their interests may appear, for the purpose of securing the obligations of the Borrower under the Note, the Loan Agreement, and other Loan Documents as such deed of trust is originally executed or as from time to time supplemented and amended in accordance with the Loan Agreement and this Indenture.

The term “Default Rate” shall mean the interest rate then in effect on the Note, plus five percent (5%) per annum; provided that under no circumstances shall the Default Rate exceed the Maximum Rate.

The term “Determination of Taxability” shall mean a final judgment or order of a court of original jurisdiction, a final order of any other court of competent jurisdiction, or a final ruling or decision of the Internal Revenue Service, in any such case to the effect that the interest on the Bond (other than interest on the Bond for a period during which such Bond is held by a “substantial user” of any facility financed with the proceeds of the Bond or a “related person,” as such terms are used in Section 147(a) of the Code) is not excludable from the gross income of the owners thereof for federal income tax purposes.

The term “Event of Default” shall have the meaning specified in Section 7.01 hereof.

The term “Extraordinary Services” means and includes, but not by way of limitation, services, actions and things carried out and all expenses incurred by the Trustee in respect of or to prevent default under this Indenture and the Loan Documents, including any attorneys’ fees and other litigation costs that are entitled to reimbursement under the terms of the Loan Agreement, and other actions taken and carried out which are not expressly set forth in this Indenture.

The term “Extraordinary Trustee’s Fees and Expenses” shall mean all those fees, expenses and disbursements earned or incurred by the Trustee as described under Section 8.06 during any Bond Year for Extraordinary Services.

The term “Fair Market Value” shall mean the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm’s length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the

investment is traded on an established securities market (within the meaning of section 1273 of the Code) and, otherwise, the term “Fair Market Value” means the acquisition price in a bona fide arm’s length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Code, (iii) the investment is a United States Treasury Obligation-State Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) the investment is the Local Agency Investment Fund of the State of California but only if at all times during which the investment is held its yield is reasonably expected to be equal to or greater than the yield on a reasonably comparable direct obligation of the United States.

The term “Holder,” or “Bondholder” or “Bondowner” shall mean the person in whose name the Bond is registered.

The term “Indenture” shall mean this Indenture, as originally executed or as it may from time to time be supplemented, modified or amended by any supplemental indenture entered into pursuant to the provisions hereof.

The term “Interest Payment Date” shall mean the first Business Day of each month, commencing January 1, 2012.

The term “Interest Rate” shall mean a variable rate equal to the LIBOR Rate (as defined in the Loan Agreement) plus 2.25%, calculated as provided in the Loan Agreement, which shall in no event exceed the Maximum Rate.

The term “Investment Securities” shall mean any of the following (including any funds comprised of the following, which may be funds maintained or managed by the Bondowner Representative and its affiliates), but only to the extent that the same are acquired at Fair Market Value:

(1) direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America) or obligations the timely payment of the principal of and interest on which are fully guaranteed by the United States of America, including instruments evidencing an ownership interest in securities described in this clause (1);

(2) obligations, debentures, notes or other evidences of indebtedness issued or guaranteed by any of the following: Federal Home Loan Bank System, Export-Import Bank of the United States, Federal Financing Bank, Federal Land Banks, Government National Mortgage Association, Federal Home Loan Mortgage Corporation or Federal Housing Administration;

(3) repurchase agreements (including those of the Bondowner Representative) fully secured by collateral security described in clause (1) or (2) of this definition, which collateral (a) is held by the Agent or a third party agent approved by the Bondowner

Representative during the term of such repurchase agreement, (b) is not subject to liens or claims of third parties and (c) has a market value (determined at least once every fourteen (14) days) at least equal to the amount so invested;

(4) certificates of deposit of, or time deposits or deposit accounts in, any bank (including the Bondowner Representative) or savings and loan association (a) the debt obligations of which (or in the case of the principal bank of a holding company, the debt obligations of the bank holding company of which) have been rated “A” or better by S&P, or (b) which are fully insured by the Federal Deposit Insurance Corporation, or (c) which are secured at all times, in the manner and to the extent provided by law, by collateral security (described in clause (1) or (2) of this definition) of a market value (valued at least quarterly) of no less than the amount of money so invested;

(5) investment agreements of financial institutions or insurance companies, in each case having uninsured, unsecured and unguaranteed obligations rated “AA-” or better by S&P, provided, however, that any such investment may be provided by a financial institution or insurance company having uninsured, unsecured and unguaranteed obligations not rated “AA-” or better by S&P, if such investment is unconditionally insured, guaranteed or enhanced by an entity whose uninsured, unsecured and unguaranteed obligations are rated “AA-” or better by S&P;

(6) shares in any investment company registered under the federal Investment Company Act of 1940 whose shares are registered under the federal Securities Act of 1933 and whose only investments are government securities described in clause (1) or (2) of this definition and repurchase agreements fully secured by government securities described in clause (1) or (2) of this definition and/or other obligations rated “AAA” by S&P, including investment companies and master repurchase agreements from which the Bondowner Representative or an affiliate derives a fee for investment advising or other service;

(7) tax-exempt obligations of any state of the United States, or political subdivision thereof, which are rated “A” or better by S&P or mutual funds invested only in such obligations;

(8) units of a taxable or nontaxable government money-market portfolio composed of U.S. Government obligations and repurchase agreements collateralized by such obligations;

(9) commercial paper rated “A” or better by S&P;

(10) corporate notes or bonds with one year or less to maturity rated “A” or better by S&P; or

(11) money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of AAAM-G; AAAM; or AAM, and if rated by Moody’s, having a rating of Aaa; Aa1; or Aa2.

The term “Issuance Costs” shall mean all costs and expenses of issuance of the Bond, including, but not limited to: (i) Bond purchaser’s fees; (ii) counsel fees and expenses, including Bond Counsel, Trustee’s counsel, the Issuer’s counsel and Borrower’s counsel, as well as any other specialized counsel fees incurred in connection with the issuance of the Bond or the Loan; (iii) the initial payment of the Issuer’s Ongoing Fee specified in Section 7(m) of the Regulatory Agreement plus expenses incurred in connection with the issuance of the Bond, including fees of any counsel or advisor to the Issuer, and the Issuer’s Closing Fee for processing the request of the Borrower to issue the Bond; (iv) Bondowner Representative’s fees and Bondowner Representative’s counsel fees and expenses; (v) the Trustee’s fees and expenses related to issuance of the Bond; (vi) accountant’s fees related to issuance of the Bond; (vii) publication costs associated with the financing proceedings; and (viii) costs of engineering and feasibility studies necessary to the issuance of the Bond.

The term “Issuer” shall mean The Housing Authority of The County of Los Angeles, a public body, corporate and politic, organized and existing under the laws of California, the issuer of the Bond hereunder, and its successors and assigns as provided in Section 11.01.

The term “Issuer’s Closing Fee” shall mean the Issuer’s issuance fee in the amount of \$[9,750] payable by or on behalf of the Borrower to the Issuer on or before the Closing Date.

The term “Issuer’s Ongoing Fee” shall mean the annual fee of the Issuer with respect to the Bonds in the amount as set forth in and in accordance with and pursuant to the provisions of Section 7(m) of the Regulatory Agreement.

The term “Loan” shall mean the loan made by the Issuer to the Borrower pursuant to the Agreement for the purpose of financing the acquisition and construction by the Borrower of the Project.

The term “Loan Agreement” shall mean the Agreement, as defined herein.

The term “Loan Documents” shall mean the Loan Agreement, the Note, the Deed of Trust, Loan and Completion Guaranty with respect to the Loan dated as of December 1, 2011, the Environmental Compliance Agreement, dated as of December 1, 2011 between Borrower and Bondowner Representative, agreements granting a security interest in collateral securing the Loan other than the Deed of Trust, including without limitation, Bondowner Representative’s standard form assignments and consents to assignments of the construction contract, plans, any property management agreement or asset management agreement, the Assignment of Tax Credits and Partnership Interests and the Assignment of Partnership Interest (GP), the Agreement to Furnish Insurance by and between the Borrower and the Bondowner Representative, and all other agreements, instruments and documents (together with amendments, supplements and replacements thereto) executed and delivered to Bondowner Representative in connection with the Loan. The Regulatory Agreement is not a Loan Document.

The term “Maximum Lawful Rate” shall mean the highest per annum rate of interest permissible under the Act and any other applicable laws of the State of California.

The term “Maximum Rate” means the lesser of (i) 9% per annum or (ii) the Maximum Lawful Rate.

The term “Moody’s” shall mean Moody’s Investors Service, its successors and assigns or, if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, any other nationally recognized rating agency designated by the Bondowner Representative.

The term “Note” shall mean that certain Promissory Note (Multifamily Housing Bond Program with Trustee) in the aggregate principal amount of \$7,800,000 executed by the Borrower in favor of the Issuer on the Closing Date, as it may be amended in accordance with the terms of the Loan Agreement and this Indenture.

The term “Opinion of Counsel” shall mean a written opinion of counsel, who may be counsel for the Trustee, Bond Counsel or counsel for the Bondowner Representative.

The term “Ordinary Trustee’s Fees and Expenses” shall mean those fees, expenses and disbursements payable to the Trustee as described under Section 8.06 hereof (exclusive of Extraordinary Trustee’s Fees and Expenses) which shall be payable annually, in advance commencing on the Closing Date and on each December 1 thereafter, equal to \$3,250.00.

The term “Outstanding”, when used as of any particular time with reference to the Bond, shall, subject to the provisions of Section 10.01, mean a principal amount of Bond equal to the purchase price paid by the Bondowner Representative to the Trustee, except:

(a) Any portion of the Bond theretofore canceled by the Trustee or surrendered to the Trustee for cancellation;

(b) Any portion of the Bond for the payment or redemption of which moneys or securities in the necessary amount (as provided in Section 10.02) shall have theretofore been deposited with the Trustee (whether upon or prior to the maturity or the redemption date of such Bond); and

(c) Bond in lieu of or in substitution for which another Bond shall have been authenticated and delivered by the Trustee pursuant to the terms of Section 2.05.

The term “person” shall mean an individual, a corporation, a partnership, a trust, an unincorporated organization or a government or any agency or political subdivision thereof.

The term “Principal Office” shall mean the principal office of the Trustee located at the address set forth in Section 11.06 hereof, or at such other place as the Trustee shall designate by notice given under said Section 11.06.

The term “Program Fund” shall mean the fund established pursuant to Section 3.03 hereof.

The term “Project” shall mean the 32 units of multifamily rental housing (which includes one manager’s unit) to be constructed by the Borrower with a portion of the proceeds of the Bonds, to be located in West Hollywood on the parcel of land set forth in EXHIBIT A to the Regulatory Agreement, including structures, buildings, fixtures or equipment, as it may at any time exist, and any structures, buildings, fixtures or equipment acquired in substitution for, as a

renewal or replacement of, or a modification or improvement to, all or any part of such facilities, and a fee interest in the land on which such housing is situated.

The term “Project Costs” has the meaning given such term in the Regulatory Agreement.

The term “Qualified Buyer” shall mean a “qualified institutional buyer” within the meaning of Rule 144A promulgated under the Securities Act of 1933, as amended.

The term “Qualified Project Costs” has the meaning given such term in the Regulatory Agreement.

The term “Rebate Analyst” means (i) Kutak Rock LLP, or (ii) any certified public accountant, financial analyst or bond counsel, or any firm of the foregoing, or financial institution (which may include the Trustee) experienced in making the arbitrage and rebate calculations required pursuant to Section 148 of the 1986 Code, selected by and at the expense of the Borrower, with the prior written consent of the Issuer, to make the computations required under this Indenture and the Loan Agreement.

The term “Rebate Analyst Fee” means the annual fee due to the Rebate Analyst by the Borrower.

The term “Record Date” shall mean with respect to any Interest Payment Date, the Business Day next preceding such Interest Payment Date.

The term “Regulations” shall mean the Income Tax Regulations promulgated or proposed by the Department of the Treasury pursuant to the Code from time to time or pursuant to any predecessor statute to the Code.

The term “Regulatory Agreement” shall mean the Regulatory Agreement and Declaration of Restrictive Covenants of even date herewith, by and among the Trustee, the Issuer and the Borrower, as in effect on the Closing Date and as thereafter amended in accordance with its terms.

The term “Responsible Officer” of the Bondowner Representative or the Trustee shall mean any officer of the Bondowner Representative or the Trustee assigned to administer its respective duties hereunder.

The term “Revenues” shall mean all amounts pledged hereunder to the payment of principal of, premium, if any, and interest on the Bonds, including, but not limited to, repayments of the Loan required or permitted to be made by the Borrower pursuant to Section 3.1 of the Loan Agreement and the Note; but such term shall not include payments to the United States, the Issuer, the Administrator, the Trustee or the Bondowner Representative pursuant to Section 6.08 hereof or Sections 7 or 18 of the Regulatory Agreement.

The term “S&P” shall mean Standard & Poor’s Ratings Group, a division of McGraw-Hill, or its successors and assigns or, if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, any other nationally recognized rating agency designated by the Bondowner Representative.

The term “supplemental Indenture” or “indenture supplemental hereto” shall mean any indenture hereafter duly authorized and entered into by and among the Issuer, the Trustee and the Bondowner Representative in accordance with the provisions of this Indenture.

The term “Tax Certificate” means that Tax Certificate as to Arbitrage and the Provisions of Sections 103 and 141-150 of the Internal Revenue Code of 1986, executed and delivered by the Issuer and the Borrower, as amended, modified, supplemented or restated from time to time.

The term “Unassigned Issuer’s Rights” shall mean the rights of the Issuer, its commissioners, officers, attorneys, accountants, employees, agents and consultants, past, present and future under the Loan Agreement and the Regulatory Agreement to be held harmless and indemnified, to be paid its fees and expenses, to give or withhold consent to the extent expressly granted to the Issuer under the Loan Agreement, the Regulatory Agreement or the other Loan Documents to amendments, changes, modifications and alterations, to receive notices and the right to enforce such rights, including the Issuer’s rights under and relating to the enforcement of the Regulatory Agreement, to receive the Rebate Amount under Section 7.28 of the Loan Agreement, and to the extent not included above, the rights specifically reserved by the Issuer under this Indenture.

The terms “Written Consent”, “Written Demand”, “Written Direction”, “Written Election”, “Written Notice”, “Written Order”, “Written Request” and “Written Requisition” of the Issuer or the Borrower shall mean, respectively, a written consent, demand, direction, election, notice, order, request or requisition signed on behalf of the Issuer by an Authorized Issuer Representative, or on behalf of the Borrower by an Authorized Borrower Representative.

Section 1.02. Rules of Construction. (a) The singular form of any word used herein, including the terms defined in Section 1.01, shall include the plural, and vice versa, unless the context otherwise requires. The use herein of a pronoun of any gender shall include correlative words of the other genders.

(b) All references herein to “Articles”, “Sections” and other subdivisions hereof are to the corresponding Articles, Sections or subdivisions of this Indenture as originally executed; and the words “herein”, “hereof”, “hereunder” and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or subdivision hereof.

(c) The headings or titles of the several Articles and Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this Indenture.

ARTICLE II

THE BOND

Section 2.01. Authorization. There is hereby authorized to be issued a bond of the Issuer designated as “*The Housing Authority of the County of Los Angeles Multifamily Housing Revenue Bond (The Courtyard at La Brea Apartments), Series 2011B*” in the aggregate principal amount of up to \$7,800,000. No Bond may be issued hereunder except in accordance

with this Article. The maximum aggregate principal amount of Bond which may be issued and outstanding under this Indenture shall not exceed the Authorized Amount.

Section 2.02. Terms of Bond. The Bond shall be in substantially the form set forth in EXHIBIT A hereto with necessary or appropriate variations, omissions and insertions as permitted or required by this Indenture, including any supplemental indenture.

The Bond shall be issuable only as a fully registered Bond, without coupons, in the form of a single Bond in a maximum principal amount equal to the Authorized Amount. The Bondowner Representative shall fund the purchase price of the Bond from time to time on any date to provide funds for deposit in the Program Fund for the payment of requisitions therefrom. Notwithstanding the foregoing, no purchase price of the Bond shall be funded after December 31, 2014. With each funding of a portion of the purchase price, the Bondowner Representative shall notify the Trustee in writing at least one Business Day prior to such funding of the increase in principal amount and the date of such increase. Amounts funded in such manner shall be deposited in the Program Fund and noted by the Trustee on the Bond Register to be maintained by the Trustee, which shall specify the outstanding principal amount of the Bond. Such increased principal amounts shall begin to accrue interest from the date specified in the notice to the Trustee at the applicable rate specified below upon deposit by the Bondowner Representative with the Trustee of such amounts. The Bondowner Representative shall calculate the interest due on the Bond on each Interest Payment Date and shall notify the Trustee of such calculation at least two Business Days prior to each Interest Payment Date, and the Trustee shall be entitled to rely upon such calculations. The outstanding aggregate principal amount of the Bond as of any given date shall be (i) the total amount paid by the Bondowner Representative to the Trustee as the purchase price of the Bond, less (ii) any payments of principal previously received by the Bondowner on the Bond. In connection with any transfer of Bond in accordance with the requirements of Section 2.05, the Bond may be transferred only in whole as permitted by Section 2.05. The Bond shall be dated the Closing Date and shall be subject to redemption prior to maturity as provided in Article IV. The Bond shall mature on the following date and may be outstanding in the following maximum principal amount:

<u>Maturity Date</u>	<u>Maximum Principal Amount</u>
December 1, 2014	\$7,800,000

Interest shall accrue on the outstanding principal balance of the Bonds from (and including) the Closing Date to the Maturity Date at the Interest Rate, calculated on the basis of a 360-day year for the actual days elapsed. Notwithstanding any other provision in this Indenture, under no circumstances shall the interest rate on the Bond accrue at an interest rate per annum in excess of the Maximum Rate.

The Bond shall bear interest from the date to which interest has been paid on such Bond next preceding the date of its authentication, unless it is authenticated as of an Interest Payment Date for which interest has been paid, in which event it shall bear interest from such Interest Payment Date, or unless it is authenticated on or before the first Interest Payment Date, in which event it shall bear interest from the Closing Date.

Accrued and unpaid interest on the Bond shall be due and payable on each Interest Payment Date prior to the repayment in full of the Bond. Accrued and unpaid interest on the Bond shall also be due and payable upon certain redemptions of, and upon the acceleration of, the Bond, all as provided in other provisions of this Indenture.

In addition, the Bond shall bear interest at the Default Rate at any such time or times as the Note bears interest at the Default Rate upon written notice to the Trustee from the Bondowner Representative of such event.

There shall only be a single initial holder of the Bonds. The initial Bond purchaser shall execute and delivery such an investor letter in connection with its initial purchase of the Bonds in substantially the form attached hereto as Exhibit B.

Section 2.03. Payment of Bond. Payment of the principal of and interest on the Bond shall be made in lawful money of the United States to the person appearing on the Bond registration books of the Trustee as the registered owner thereof on the applicable Record Date, such principal and interest to be paid by check mailed on the Interest Payment Date by first class mail, postage prepaid, to the registered owner at its address as it appears on such registration books; provided, however, that, upon the Trustee's receipt of an indemnification from any holder in form and substance satisfactory to the Trustee, payments of principal and interest on any partial redemption under Section 4.01 below shall nonetheless be paid by the Trustee to any holder by wire transfer in accordance with the foregoing provisions of this paragraph without requiring the Bond be presented at the principal office of the Trustee. In the event that a portion of the principal of a Bond has been paid or redeemed, the Trustee shall note in its principal log the remaining outstanding principal amount of each Bond, which shall be binding and conclusive as to the outstanding principal amount of such Bond.

The Bond shall be payable in such lawful money of the United States of America as at the time of payment is legal tender for payment of public and private debts, at the Principal Office of the Trustee, except that interest on the Bond will be payable by check mailed by the Trustee to the Holders of the Bond on the applicable Record Date at the last addresses thereof as shown in the Bond Register on the applicable Record Date, and principal of and any premium on the Bond shall be payable at the Principal Office of the Trustee; and be subject to redemption upon the terms and conditions and at the redemption prices specified in Article IV hereof.

Notwithstanding the foregoing, if the date for payment of the principal of, premium, if any, or interest on the Bond shall be a day which is not a Business Day, then the date for such payment shall be the next succeeding day which is a Business Day, and payment on such later date shall have the same force and effect as if made on the nominal date of payment without additional interest.

Notwithstanding the foregoing, unless otherwise notified by the Bondowner Representative, the Trustee shall make all payments of principal and interest on the Bond to the Bondowner Representative.

Section 2.04. Execution of Bond; Mutilated, Lost or Destroyed Bond. The Bond shall be executed on behalf of the Issuer by the manual or facsimile signature of the Chair of the

Board of Commissioners or the Executive Director of the Issuer. Any facsimile signatures shall have the same force and effect as if said persons had manually signed said Bond. In case any officer whose manual or facsimile signature shall appear on any Bond shall cease to be such officer before the delivery of such Bond such signature or such facsimile shall nevertheless be valid and sufficient for all purposes, the same as if he had remained in office until delivery, and also any Bond may bear the facsimile signatures of, or may be signed by, such Persons as at the actual time of the execution of such Bond shall be the proper officers to sign such Bond although at the date of such Bond such Persons may not have been such officers.

Only such Bond as shall bear thereon a certificate of authentication in the form set forth in EXHIBIT A, manually executed by the Trustee, shall be valid or obligatory for any purpose or entitled to the benefits of this Indenture and such certificate of the Trustee shall be conclusive evidence that the Bond so authenticated have been duly authenticated and delivered hereunder and are entitled to the benefits of this Indenture.

Section 2.05. Transfer of Bond. (a) The Bond may, in accordance with the terms of this Indenture but in any event subject to the provisions of Section 2.05(b) hereof, be transferred upon the books of the Trustee, required to be kept pursuant to the provisions of Section 2.06, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation at the Principal Office of the Trustee, accompanied by a written instrument of transfer in a form acceptable to the Trustee, duly executed, and the Written Consent of an Authorized Issuer Representative to such transfer in the case of transfers described in Section 2.05(b)(iv)(A), the investor letter required by Section 2.05(b)(iv) below. Whenever any Bond shall be surrendered for transfer, the Authorized Issuer Representative shall execute and the Trustee shall authenticate and deliver a new Bond upon compliance with the requirements hereof.

(b) The following shall apply to all sales and transfers of the Bond, or any interest therein, after the initial sale and delivery of the Bond:

(i) the Bond, in the form attached hereto as EXHIBIT A, shall be a physical certificated instrument, and shall not be held in a book-entry only system unless approved in advance in writing by an Authorized Issuer Representative in its sole discretion;

(ii) the Bond shall be transferred only as a single Bond in a denomination equal to the full Outstanding principal amount thereof;

(iii) [Reserved];

(iv) unless the Bond is rated in the “A” category at the date of issuance of the Bonds without regard to a modifier (or the equivalent) or better by a Rating Agency and has a Credit Facility in effect with respect to the Bonds, the Bond shall only be sold and subsequently transferred to (A) Qualified Buyers (with the transferee certifying in writing to the Trustee and the Issuer that it is a Qualified Buyer by executing and delivering an investor’s letter substantially in the form attached hereto as EXHIBIT B) with the Written Consent of the Issuer (which

consent will not be unreasonably withheld, conditioned or delayed), [and/or (B) an affiliate of Union Bank, N.A. or any successor to Union Bank, N.A. whether by merger, acquisition of assets or otherwise, upon delivery of an Investor's Letter substantially in the form attached hereto as EXHIBIT B];

(v) unless the Bond is rated in the "A" category at the date of issuance of the Bonds without regard to a modifier (or the equivalent) or better by a Rating Agency and has a Credit Facility in effect with respect to the Bonds, following any transfer of the Bond, there shall be no more than one (1) Bondowner; and

(vi) no Bondholder shall transfer any interest in the Bond other than by a transfer made on the Bond Register maintained by the Trustee.

The Trustee shall not authenticate or register a Bond unless the conditions of this Section 2.05(b) have been satisfied.

(c) The Trustee shall require the payment by the Bondholder requesting any such transfer of any tax, fee or other governmental charge required to be paid with respect to such transfer, but any such transfer shall otherwise be made without charge to the Bondholder requesting the same. The cost of printing any Bonds and any services rendered or any out-of-pocket expenses incurred by the Trustee in connection therewith shall be paid by the Borrower.

(d) The Bondowner Representative shall indemnify and defend the Issuer and the Trustee against any claim brought by any transferor or transferee of the Bond in respect of the Bond, this Indenture or any of the Loan Documents in the event that the Bondowner Representative permits a transfer of the Bond in violation of the restrictions in Section 2.05(b) above.

Section 2.06. Bond Register. The Issuer hereby appoints the Trustee as registrar and authenticating agent for the Bond. The Trustee will keep or cause to be kept at its Principal Office sufficient books for the registration, notation of principal and transfer of the Bond (the "Bond Register"), which shall at all reasonable times upon reasonable notice be open to inspection by the Issuer and the Borrower; and, upon presentation for such purpose, the Trustee as registrar shall, under such reasonable regulations as it may prescribe, transfer or cause to be transferred, on said books, the Bond as hereinbefore provided.

The Issuer and the Trustee may deem and treat the Holder of the Bond, whether or not such Bond shall be overdue, as the absolute owner of such Bond for the purpose of receiving payment thereof and for all other purposes whatsoever, and the Issuer (or any agent thereof) and the Trustee shall not be affected by any notice to the contrary.

Section 2.07. Source of Payment of Bond and Other Obligations; Disclaimer of General Liability. The Bond is a limited obligation of the Issuer, payable solely from the Revenues and other funds and moneys pledged and assigned hereunder. Neither the Issuer, the State, nor any political subdivision thereof (except the Issuer, to the limited extent set forth herein) nor any public agency shall in any event be liable for the payment of the principal of, premium (if any) or interest on the Bond or for the performance of any pledge, obligation or agreement of any

kind whatsoever except as set forth herein, and none of the Bond or any of the Issuer's agreements or obligations shall be construed to constitute an indebtedness of or a pledge of the faith and credit of or a loan of the credit of or a moral obligation of any of the foregoing within the meaning of any constitutional or statutory provision whatsoever. The Issuer has no taxing power.

Section 2.08. Exempt From Individual Liability. No covenant, condition or agreement contained herein shall be deemed to be a covenant, agreement or obligation of any present or future commissioner, officer, director, employee or agent of the Issuer or the Trustee in his individual capacity, and neither the officers, directors, employees or agents of the Issuer or the Trustee executing the Bonds or this Indenture shall be liable personally on the Bond or under this Indenture or be subject to any personal liability or accountability by reason of the issuance of the Bond or the execution of this Indenture.

ARTICLE III

ISSUANCE OF BOND; APPLICATION OF PROCEEDS

Section 3.01. Authentication and Delivery of the Bond. Upon the execution and delivery of this Indenture, the Issuer shall execute the Bond and deliver it to the Trustee. Thereupon, and upon satisfaction of the conditions set forth in this Section, and without any further action on the part of the Issuer, the Trustee shall authenticate the Bond in an aggregate principal amount not exceeding the Authorized Amount, and shall deliver them pursuant to the Written Order of the Issuer hereinafter mentioned. Prior to the authentication and delivery of any of the Bond by the Trustee, there shall have been delivered to the Trustee each of the following:

- (i) a Certified Resolution of the Issuer authorizing issuance and sale of the Bond and execution and delivery of the Indenture, the Loan Agreement and the Regulatory Agreement;
- (ii) an original executed counterpart of the Loan Agreement;
- (iii) the original executed Note, endorsed without recourse by the Issuer to Trustee;
- (iv) an original executed counterpart of the Deed of Trust;
- (v) an original executed counterpart of the assignment by the Issuer to the Trustee of the Issuer's interest in the Deed of Trust and related documents;
- (vi) an original executed counterpart of the Regulatory Agreement;
- (vii) a Written Order of the Issuer to the Trustee to authenticate and deliver the Bond as directed in such Written Order, upon payment to the Trustee, for the account of the Issuer, of the initial advance of the principal of the Bond by the initial owner of the Bond in the amount of \$[_____];

(viii) one or more opinions of Bond Counsel and the Los Angeles County Attorney's Office with respect to the due execution and delivery of the Indenture, Loan Agreement and Bond and the exclusion from gross income of the Bondowner of interest on the Bond for federal income tax purposes; and

(ix) an Investor's Letter in the form of EXHIBIT B hereto, signed by the initial owner of the Bond.

Section 3.02. Application of Proceeds of Bond. The Initial Disbursement and subsequent disbursements of the proceeds received from the sale of the Bond shall be disbursed in accordance with Section 3.03 of this Indenture. The Bondowner Representative shall fund the purchase price of the Bond from time to time by funding advances under the Loan pursuant to the Loan Agreement. Amounts funded in such manner shall be deposited by the Bondowner Representative with the Trustee and shall be deposited into the Program Fund in accordance with Section 3.03(a) of this Indenture. The Trustee shall note such amount in its records and on the Schedule of Drawings attached to the Bond and acknowledged thereon by the Bondowner Representative. Such amounts shall constitute the "Disbursed Amount," and shall begin to accrue interest, only upon disbursement by the Bondowner Representative to the Trustee for deposit in the Program Fund. The Trustee shall note on the Schedule of Payments attached to the Bond the date and amount of each disbursement by the Bondowner Representative. Notwithstanding anything herein to the contrary, the aggregate purchase price of the Bond funded by the Bondowner Representative may not exceed \$7,800,000 (and the Trustee shall make no notation on the Schedule of Drawings attached to the Bond evidencing a principal amount of the Bond exceeding such amount).

Section 3.03. Program Fund. There is hereby created and established with the Trustee a separate fund which shall be designated the "*Program Fund*," which fund shall be applied only as provided in this Section. The initial disbursement on the Closing Date shall be disbursed by the Bondowner Representative pursuant to the Loan Agreement and deposited with the Trustee to the Program Fund for payment to or upon the order of the Borrower to pay Project Costs (as such term is defined in the Regulatory Agreement).

(a) The Bondowner Representative shall fund the Loan from time to time in accordance with the Loan Agreement. Each advance of the Loan shall be treated as a concurrent funding of Bondowner Representative's purchase of a further drawdown of the Bond, provided the date and amount of such advance is duly noted by the Trustee on the Schedule of Payments set forth as Exhibit A to the Bond. The Bondowner Representative shall deposit the proceeds of each drawdown on the Bond with the Trustee for deposit into the Program Fund. Funds on deposit in the Program Fund, and any interest earnings thereon, shall be transferred by the Trustee to the Borrower for the payment of Project Costs (as defined in the Regulatory Agreement).

(b) The Issuer hereby authorizes and directs the disbursement by the Bondowner Representative of the remaining principal amount of the Bond to be deposited with the Trustee in the Program Fund in accordance with this Indenture to or upon the order of the Borrower from time to time upon receipt by the Trustee of a completed Written Requisition in the amount of the requested disbursement and

otherwise in the form attached to this Indenture as EXHIBIT C signed by an Authorized Borrower Representative and countersigned by the Bondowner Representative; provided that no Written Requisition shall be required for disbursement from the Program Fund solely to pay accrued interest payable on the Bond. The Bondowner Representative shall not be required to countersign the Requisition until all conditions precedent to disbursement contained in the Loan Agreement have been satisfied or waived by Bondowner Representative.

(c) The Trustee shall maintain, or cause to be maintained, complete and accurate records regarding the disbursement of the proceeds of the Bond in accordance with Section 3.02 and this Section 3.03 hereof, and shall provide copies thereof to the Issuer and the Borrower upon their written request. Additionally, the Trustee shall provide the Issuer with a monthly statement regarding activity in each of the funds and accounts created under this Indenture, including the Program Fund and the Bond Fund in the immediately preceding month.

(d) The Trustee, the Bondowner Representative and the Issuer shall not be responsible for the application by the Borrower of monies disbursed to the Borrower in accordance with this Section 3.03.

(e) If an Event of Default under and as defined in the Loan Agreement occurs and the maturity of the Bond is accelerated in accordance with Section 4.01(b) hereof, the Trustee will, to the extent necessary, use moneys in the Program Fund and Bond Fund to make payments on the Bond.

(f) There is hereby created and established with the Trustee a separate account within the Program Fund to be known as the “*Costs of Issuance Account*”, which account shall be funded with funds of the Borrower on the date of issuance of the Bond in the amount of \$[_____] and applied to pay the fees of CDLAC in the amount of \$[_____] and CDIAC in the amount of \$[_____] upon the Trustee’s receipt of invoices therefor.

(g) Following receipt of a Completion Certificate from the Borrower, the Trustee shall transfer any amounts remaining in the Program Fund to the Bond Fund. Upon such transfer the Program Fund shall be closed.

Section 3.04. Issuer’s Annual Fee. There is hereby created and established with the Trustee a separate fund to be known as the “*Issuer’s Ongoing Fee Fund.*” The Trustee shall collect the Issuer’s Ongoing Fee from the Borrower in equal monthly installments and upon receipt deposit such amount in the Issuer’s Ongoing Fee Fund to be remitted for annual payment to the Issuer.

ARTICLE IV

REDEMPTION OF BOND

Section 4.01. Circumstances of Redemption. The Bond is subject to redemption upon the circumstances, on the dates and at the prices set forth as follows:

(a) The Bond shall be subject to redemption in whole or in part at the Written Direction of the Bondowner Representative on any date, at a price equal to the outstanding principal amount of the Bond plus interest accrued thereon to the date fixed for redemption, together with any applicable premium (in an amount equal to any applicable premium on the prepayment of the Loan on such date under the Loan Agreement) as specified in writing not fewer than one (1) Business Day before the redemption date by the Bondowner Representative to the Trustee, upon an optional prepayment of the Loan under the terms of the Note or the Loan Agreement.

(b) The Bond shall be subject to redemption in whole, on any date, at the Written Direction of the Bondowner Representative, at a price equal to the outstanding principal amount of the Bond plus interest accrued thereon to the date fixed for redemption, together with any applicable premium (in an amount equal to any applicable premium on the prepayment of the Loan on such date under the Loan Agreement), as specified in writing not fewer than one (1) Business Day before the redemption date by the Bondowner Representative to the Trustee, upon acceleration of the Loan in whole following an Event of Default (as defined in the Loan Agreement).

(c) The Bond shall be subject to redemption in whole or in part at the Written Direction of the Bondowner Representative on any date, at a price equal to the principal amount thereof to be redeemed plus accrued interest to the redemption date, together with any applicable premium (in an amount equal to any applicable premium on the prepayment of the Loan on such date under the Loan Agreement) as specified in writing not fewer than one (1) Business Day before the redemption date by the Bondowner Representative to the Trustee, from the proceeds of any mandatory prepayment of the Loan under the terms of the Note or the Loan Agreement, other than a mandatory prepayment of the type described in paragraph (b) above.

(d) [reserved].

(e) [reserved].

(f) The Bond shall be subject to redemption in whole at the Written Direction of the Bondowner Representative, at a price equal to the outstanding principal amount of the Bond plus interest accrued thereon to the date fixed for redemption, upon a Determination of Taxability.

The premium due in connection with any of the foregoing redemption provisions shall be an amount equal to the amount paid on the Note and/or the Loan in connection with such redemption that is in excess of the principal and interest on the Bond otherwise due on the redemption date. In connection with any prepayment of the Note, the Bondowner Representative shall notify the Trustee, in writing, as to the nature of the prepayment made, the amount of prepayment premium paid and the applicable redemption price of the Bond being redeemed.

Section 4.02. No Notice of Redemption. No notice of redemption of the Bond need be given to the Bondowner by the Trustee, but the Bondowner Representative shall give notice of any redemption under Section 4.01 to the Issuer and the Borrower at the same time such notice

is given to the Trustee; provided such notice shall not be a condition precedent to any redemption and neither failure to give such notice nor any defect in such notice shall affect the validity of any redemption hereunder.

Section 4.03. Effect of Redemption. The Bond or any portion thereof so called for redemption shall, on the redemption date selected by the Bondowner Representative, become due and payable at the redemption price specified herein, and if moneys provided from the sources contemplated by this Indenture and the Loan Agreement for payment of the redemption price are then held by the Trustee, interest on the principal amount of the Bond so called for redemption shall cease to accrue, said principal amount of Bond shall cease to be entitled to any lien, benefit or security under this Indenture, and the Holder of the Bond shall have no rights in respect thereof except to receive payment of the redemption price thereof. Any Bond fully redeemed pursuant to the provisions of this Article IV shall be destroyed by the Trustee, which shall thereupon deliver to the Issuer a certificate evidencing such destruction.

Section 4.04. Purchase in Lieu of Redemption. At the election of the Borrower prior to a redemption in whole of the Bond pursuant to Section 4.01(a), by written notice to the Trustee and the Holder of the Bond given not less than five (5) Business Days in advance of the scheduled redemption date, the Bond will be deemed tendered for purchase in lieu of redemption on such redemption date. The purchase price of the Bond so purchased in lieu of redemption shall be the principal amount thereof, together with all accrued and unpaid interest thereon to the date of redemption, plus any applicable premium, and such purchase price shall be payable on the date of redemption thereof. The Bond so purchased in lieu of redemption shall remain Outstanding and shall be registered to or upon the direction of the Borrower.

ARTICLE V

FUNDS AND ACCOUNTS

Section 5.01. Pledge of Revenues. All of the Revenues are hereby irrevocably pledged to the Trustee for the punctual payment of the principal of and interest on the Bond. The Issuer also hereby irrevocably transfers in trust, grants a security interest in and assigns to the Trustee, for the benefit of the Holder of the Bond and the Bondowner Representative, as their respective interests may appear, all of the Issuer's right, title and interest in (a) the Revenues; (b) all other amounts payable to Issuer under, or pursuant to, the Note and the other Loan Documents, including but not limited to all proceeds of any title insurance policy, casualty insurance policy or other insurance policy, all proceeds of any condemnation or other taking and all revenues, proceeds, payments and other amounts received from any foreclosure (or action in lieu of foreclosure) or other enforcement action taken pursuant to the Deed of Trust or any other Loan Document (other than amounts paid pursuant to the Unassigned Issuer's Rights and Section 7.21 of the Loan Agreement); (c) all amounts from time to time on deposit in any fund or account created hereunder, under the Loan Agreement or under any other Loan Document and held by the Trustee; (d) the Deed of Trust; (e) the Loan Agreement (except for the Unassigned Issuer's Rights); (f) the Note; (g) the other Loan Documents to which the Issuer is a party; and (h) all proceeds of the foregoing, whether voluntary or involuntary.

All Revenues and all amounts on deposit in the funds and accounts created hereunder or under the Loan Agreement and the other Loan Documents and held by the Trustee shall be held in trust for the benefit of the Holder or Holders from time to time of the Bond, but shall nevertheless be disbursed, allocated and applied solely for the uses and purposes hereinafter set forth in this Article V.

NO RECOURSE UNDER OR UPON ANY OBLIGATION, COVENANT, WARRANTY OR AGREEMENT CONTAINED IN THIS INDENTURE OR IN THE BOND, OR UNDER ANY JUDGMENT OBTAINED AGAINST THE ISSUER, OR THE ENFORCEMENT OF ANY ASSESSMENT, OR ANY LEGAL OR EQUITABLE PROCEEDINGS BY VIRTUE OF ANY CONSTITUTION OR STATUTE OR OTHERWISE, OR UNDER ANY CIRCUMSTANCES UNDER OR INDEPENDENT OF THIS INDENTURE, SHALL BE HAD AGAINST THE COMMISSIONERS, OFFICERS, AGENTS OR EMPLOYEES OF THE ISSUER, AS SUCH, PAST, PRESENT OR FUTURE OF THE ISSUER, EITHER DIRECTLY OR THROUGH THE ISSUER OR OTHERWISE, FOR THE PAYMENT FOR OR TO THE ISSUER OR ANY RECEIVER OF THE ISSUER, OR FOR OR TO THE OWNERS OF THE BOND, OR OTHERWISE, OF ANY SUM THAT MAY BE DUE AND UNPAID BY THE ISSUER OR ITS GOVERNING BODY UPON THE BOND. ANY AND ALL PERSONAL LIABILITY OF EVERY NATURE WHETHER AT COMMON LAW OR IN EQUITY OR BY STATUTE OR BY CONSTITUTION OR OTHERWISE OF THE ISSUER'S COMMISSIONERS, OFFICER, AGENT OR EMPLOYEE, AS SUCH, PAST, PRESENT OR FUTURE OF THE ISSUER BY REASON OF ANY ACT OR OMISSION ON HIS OR HER PART OR OTHERWISE, FOR THE PAYMENT FOR OR TO THE OWNER OF THE BOND OR OTHERWISE OF ANY SUM THAT MAY REMAIN DUE AND UNPAID UPON THE BOND SECURED BY THIS INDENTURE OR ANY OF THEM IS, BY THE ACCEPTANCE OF THE BOND, EXPRESSLY WAIVED AND RELEASED AS A CONDITION OF AND IN CONSIDERATION FOR THE EXECUTION OF THIS INDENTURE AND THE ISSUANCE OF THE BOND. ANYTHING IN THIS INDENTURE TO THE CONTRARY NOTWITHSTANDING, IT IS EXPRESSLY UNDERSTOOD BY THE PARTIES TO THIS INDENTURE THAT (A) THE ISSUER MAY RELY EXCLUSIVELY ON THE TRUTH AND ACCURACY OF ANY CERTIFICATE, OPINION, NOTICE OR OTHER INSTRUMENT FURNISHED TO THE ISSUER BY THE TRUSTEE OR ANY BONDHOLDER AS TO THE EXISTENCE OF ANY FACT OR STATE OF AFFAIRS, (B) THE ISSUER SHALL NOT BE UNDER ANY OBLIGATION UNDER THIS INDENTURE TO PERFORM ANY RECORDKEEPING OR TO PROVIDE ANY LEGAL SERVICES, IT BEING UNDERSTOOD THAT SUCH SERVICES SHALL BE PERFORMED OR CAUSED TO BE PERFORMED BY THE TRUSTEE OR BY ANY BONDHOLDER AND (C) NONE OF THE PROVISIONS OF THIS INDENTURE SHALL REQUIRE THE ISSUER TO EXPEND OR RISK ITS OWN FUNDS OR OTHERWISE TO INCUR FINANCIAL LIABILITY IN THE PERFORMANCE OF ANY OF ITS DUTIES OR IN THE EXERCISE OF ANY OF ITS RIGHTS OR POWERS UNDER THIS INDENTURE, UNLESS IT SHALL FIRST HAVE BEEN ADEQUATELY INDEMNIFIED TO ITS SATISFACTION AGAINST ANY COSTS, EXPENSES AND LIABILITY WHICH IT MAY INCUR AS A RESULT OF TAKING SUCH ACTION. NO RECOURSE FOR THE PAYMENT OF ANY PART OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BOND OR FOR THE SATISFACTION OF ANY LIABILITY ARISING FROM, FOUNDED UPON OR EXISTING BY REASON OF THE ISSUANCE, PURCHASE OR OWNERSHIP OF ANY BOND SHALL

BE HAD AGAINST ANY OFFICER, MEMBER, AGENT OR EMPLOYEE OF THE ISSUER, AS SUCH, ALL SUCH LIABILITY BEING EXPRESSLY RELEASED AND WAIVED AS A CONDITION OF AND AS A PART OF THE CONSIDERATION FOR THE EXECUTION OF THIS INDENTURE AND THE ISSUANCE OF THE BOND. NO COVENANT, STIPULATION, OBLIGATION OR AGREEMENT OF THE ISSUER CONTAINED IN THIS INDENTURE SHALL BE DEEMED TO BE A COVENANT, STIPULATION, OBLIGATION OR AGREEMENT OF ANY PRESENT OR FUTURE MEMBER, OFFICER, AGENT OR EMPLOYEE OF THE ISSUER IN OTHER THAN THAT PERSON'S OFFICIAL CAPACITY. NO MEMBER, OFFICER, AGENT OR EMPLOYEE OF THE ISSUER SHALL BE INDIVIDUALLY OR PERSONALLY LIABLE FOR THE PAYMENT OF THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THE BOND OR BE SUBJECT TO ANY PERSONAL LIABILITY OR ACCOUNTABILITY BY REASON OF THE ISSUANCE OF THE BOND. THE ISSUER HAS NO TAXING POWER.

Section 5.02. Bond Fund. There is hereby created and established with the Trustee a separate fund which shall be designated the "Bond Fund," which fund shall be applied only as provided in this Section.

The Trustee shall deposit in the Bond Fund from time to time, upon receipt thereof, all Revenues, including (i) income received from the investment of moneys on deposit in the Bond Fund, and (ii) any other Revenues, including insurance proceeds, condemnation awards and other Loan payments or prepayments received from or for the account of the Borrower. The Trustee shall provide notice to the Issuer, upon written request of the Issuer, of the amounts received by the Trustee which constitute Revenues or are otherwise deposited to the Bond Fund, and of any failure by the Borrower to make timely payments on the Note.

Except as provided in Section 10.02, and except for insurance and condemnation proceeds that the Bondowner Representative notifies the Trustee, in writing, are to be applied to construct or repair the Project in accordance with the Deed of Trust, moneys in the Bond Fund shall be used solely for the payment of the principal of and premium, if any, and interest on the Bond as the same shall become due, whether at maturity or upon redemption or acceleration or otherwise.

On each date on which principal of or interest on the Bond is due and payable, including any redemption date, the Trustee shall pay such amount from the Bond Fund to the extent that Revenues are available therein.

Section 5.03. Investment of Moneys. Except as otherwise provided in this Section, any moneys in any of the funds and accounts to be established by the Trustee pursuant to this Indenture shall be invested by the Trustee in Investment Securities selected and directed in writing by the Borrower with the prior written consent of the Bondowner Representative, with respect to which payments of principal thereof and interest thereon are scheduled or otherwise payable not later than one day prior to the date on which it is estimated that such moneys will be required by the Trustee. In the absence of such directions, money shall be invested in Investment Securities described in clause (8) of the definition thereof. The Trustee shall have no liability or responsibility for any loss resulting from any investment made in accordance with this Section 5.03.

Except as otherwise provided in the next sentence, all investments of amounts deposited in any fund or account created by or pursuant to this Indenture, or otherwise containing gross proceeds of the Bond (within the meaning of Section 148 of the Code) shall be acquired, disposed of, and valued (as of the date that valuation is required by this Indenture or the Code) at Fair Market Value. Investments in funds or accounts (or portions thereof) that are subject to a yield restriction under applicable provisions of the Code shall be valued at their present value (within the meaning of Section 148 of the Code).

For the purpose of determining the amount in any fund or account, all Investment Securities credited to such fund or account shall be valued at the lower of cost or par (which shall be measured exclusive of accrued interest) after the first payment of interest following purchase.

Any interest, profit or loss on such investment of moneys in any fund or account shall be credited or charged to the respective funds or accounts from which such investments are made. The Trustee may sell or present for redemption any obligations so purchased whenever it shall be necessary in order to provide moneys to meet any payment, and the Trustee shall not be liable or responsible for any loss resulting from such sale or redemption.

The Trustee may make any and all investments permitted under this Section 5.03 through its own trust or banking department or any affiliate and may pay said department reasonable, customary fees for placing such investments. The Trustee and its affiliates may act as principal, agent, sponsor, advisor or depository with respect to Investment Securities under this Section 5.03.

The Issuer and the Borrower (by its execution of the Loan Agreement) acknowledge that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Issuer or the Borrower the right to receive brokerage confirmations of security transactions as they occur, the Issuer and the Borrower will not receive such confirmations to the extent permitted by law. The Trustee will furnish the Borrower and/or the Issuer (to the extent requested by it) periodic cash transaction statements which include detail for all investment transactions, if any, made by the Trustee hereunder.

Section 5.04. Assignment to Trustee; Enforcement of Obligations. The Issuer hereby transfers, assigns and sets over to the Trustee, for the benefit of the Bondholders and the Bondowner Representative as their respective interests may appear, and the Trustee and the Bondowner Representative hereby accept, as their respective interests may appear, all of the Revenues, all moneys at any time held in the funds and accounts established hereunder and any and all rights and privileges constituting the Trust Estate; and any Revenues which are collected or received by the Issuer shall be deemed to be held, and to have been collected or received, by the Issuer as the agent of the Trustee, and shall forthwith be paid by the Issuer to the Trustee. Upon the occurrence of an Event of Default actually known to a Responsible Officer of the Bondowner Representative, the Bondowner Representative also shall be entitled in its sole discretion to take all steps, actions and proceedings reasonably necessary in its judgment: (a) to enforce the terms, covenants and conditions of, and preserve and protect the priority of its interest in and under, the Loan Agreement, the Deed of Trust and the other Loan Documents, and (b) to require compliance with all covenants, agreements and conditions on the part of the Issuer contained in this Indenture with respect to the Revenues.

ARTICLE VI

REPRESENTATIONS AND COVENANTS

Section 6.01. Payment of Principal and Interest. The Issuer shall cause, but only out of Revenues as herein provided, the principal and the interest (and premium, if any) due in respect of every Bond issued hereunder, to be paid punctually at the times and places and in the manner provided herein and in the Bond, according to the true intent and meaning thereof. When and as paid in full, the Bond shall be delivered to the Trustee and shall forthwith be destroyed.

Section 6.02. Paying Agents. The Trustee, with the written approval of the Bondowner Representative, may appoint and at all times have one or more paying agents in such place or places as the Trustee may designate, for the payment of the principal of, and the interest (and premium, if any) on, the Bond. It shall be the duty of the Trustee to make such arrangements with any such paying agent as may be necessary and feasible to assure, to the extent of the moneys held by the Trustee for such payment, the availability of funds for the prompt payment of the principal of and interest and premium, if any, on the Bond presented at any place of payment. The paying agent initially appointed hereunder is the Trustee.

Section 6.03. Preservation of Revenues; Amendment of Documents. The Issuer (a) shall not take any action to interfere with or impair the pledge and assignment hereunder of Revenues and the assignment to the Trustee and the Bondowner Representative as their interest may appear, of rights of the Issuer under the Loan Agreement, the Deed of Trust and the other Loan Documents, or the Bondowner Representative's enforcement of any rights hereunder or thereunder, (b) shall not take any action to impair the validity or enforceability of the Loan Agreement, the Deed of Trust or the other Loan Documents, and (c) shall not waive any of its rights under or any other provision of or permit any amendment of the Loan Agreement, the Deed of Trust or the other Loan Documents, without the prior written consent of the Bondowner Representative; provided, however, that this Section 6.03 shall not limit Borrower's or Bondowner Representative's consent rights under the Loan Documents, except that such consent of the Bondowner Representative and the Borrower shall not be unreasonably withheld if the Bondowner Representative and the Borrower shall have received an opinion of Bond Counsel to the effect that such amendment is required to preserve the exclusion of interest on the Bond from gross income for federal income tax purposes or compliance by the Bond or the Project with the Act and the laws of the State of California.

Section 6.04. Compliance with Indenture. The Issuer shall not issue, or permit to be issued, any Bond secured or payable in any manner out of Revenues other than in accordance with the provisions of this Indenture; it being understood that the Issuer reserves the right to issue obligations payable from and secured by sources other than the Revenues and the assets assigned herein. The Issuer shall faithfully observe and perform all of its covenants, conditions and requirements hereof. So long as any Bond is outstanding, the Issuer shall not create any pledge, lien or charge of any type whatsoever upon all or any part of the Revenues, other than the lien of this Indenture.

Section 6.05. Further Assurances. Whenever and so often as requested so to do by the Bondowner Representative, the Issuer, at the expense of the Borrower as provided in the

Regulatory Agreement, shall promptly execute and deliver or cause to be executed and delivered all such other and further instruments, documents or assurances, and promptly do or cause to be done all such other and further things, as may be necessary or reasonably required in order to further and more fully vest in the Bondowner Representative and the Holder of the Bond all of the rights, interests, powers, benefits, privileges and advantages conferred or intended to be conferred upon them by this Indenture and to perfect and maintain as perfected such rights, interests, powers, benefits, privileges and advantages.

Notwithstanding any provision in this Indenture to the contrary, nothing herein shall be construed as limiting the exercise by the Issuer of its taxation, police, regulatory and related powers with respect to the Project.

Section 6.06. No Arbitrage. The Issuer shall not take any action with respect to the gross proceeds of the Bond which if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of the issuance of the Bond would have caused the Bond to be an “arbitrage bond” within the meaning of Section 148(a) of the Code and Regulations promulgated thereunder.

The Issuer and the Borrower recognize and confirm their respective representations and obligations contained in the Tax Certificate and agree to comply with each.

Section 6.07. Limitation of Expenditure of Proceeds. To the best knowledge of the Issuer, not less than 97 percent of the face amount of the Bond, plus premium (if any) paid on the purchase of the Bond by the original purchaser thereof from the Issuer, less original issue discount, will be used for Qualified Project Costs and less than 25 percent of the proceeds of the Bond will be used for land or an interest in land.

Section 6.08. Rebate of Excess Investment Earnings to United States. The Issuer hereby covenants to cause the Borrower to engage the Rebate Analyst and request that the Rebate Analyst calculate excess investment earnings to the extent required by Section 148(f) of the Code and the Borrower shall cause payment of an amount equal to excess investment earnings to the United States in accordance with the Regulations, all at the sole expense of the Borrower.

Section 6.09. Limitation on Issuance Costs. To the best knowledge of the Issuer, from the proceeds of the Bond received from the original purchaser thereof and investment earnings thereon, an amount not in excess of two percent (2%) of the face amount of the Bond will be used to pay for, or provide for the payment of, Issuance Costs.

Section 6.10. Federal Guarantee Prohibition. The Issuer shall take no action nor cause any action to be taken if the result of the same would be to cause the Bond to be “federally guaranteed” within the meaning of Section 149(b) of the Code.

Section 6.11. Prohibited Facilities. To the best knowledge of the Issuer, no portion of the proceeds of the Bond will be used to provide any airplane, skybox or other private luxury box, health club facility, facility primarily used for gambling, or store the principal business of which is the sale of alcoholic beverages for consumption off premises. To the best knowledge of the Issuer, no portion of the proceeds of the Bond will be used for an office unless the office

is located on the premises of the facilities constituting the Project and unless not more than a de minimis amount of the functions to be performed at such office is not related to the day-to-day operations of the Project.

Section 6.12. Use Covenant. The Issuer shall not use or knowingly permit the use of any proceeds of Bond or any other funds of the Issuer, directly or indirectly, in any manner, and shall not take any other action or actions, which would result in the Bond being treated as an obligation not described in Section 142(d) of the Code by reason of such Bond not meeting the requirements of Section 142(d) of the Code.

Section 6.13. Immunities and Limitations of Responsibility of Issuer. The Issuer shall be entitled to the advice of counsel (who, except as otherwise provided, may be counsel for the Bondowner), and the Issuer shall be wholly protected as to action taken or omitted in good faith in reliance on such advice. The Issuer may rely conclusively on any communication or other document furnished to it hereunder and reasonably believed by it to be genuine. The Issuer shall not be liable for any action (a) taken by it in good faith and reasonably believed by it to be within its discretion or powers hereunder, or (b) in good faith omitted to be taken by it because such action was reasonably believed to be beyond its discretion or powers hereunder, or (c) taken by it pursuant to any direction or instruction by which it is governed hereunder, or (d) omitted to be taken by it by reason of the lack of any direction or instruction required hereby for such action; nor shall it be responsible for the consequences of any error of judgment reasonably made by it. The Issuer shall in no event be liable for the application or misapplication of funds or for other acts or defaults by any person, except its own officers and employees. When any payment or consent or other action by it is called for hereby, it may defer such action pending receipt of such evidence (if any) as it may require in support thereof. The Issuer shall not be required to take any remedial action (other than the giving of notice) unless indemnity in a form acceptable to the Issuer is furnished for any expense or liability to be incurred in connection with such remedial action, other than liability for failure to meet the standards set forth in this Section. The Issuer shall be entitled to reimbursement from the Borrower for its expenses reasonably incurred or advances reasonably made, with interest at the rate of interest on the Bond, in the exercise of its rights or the performance of its obligations hereunder, to the extent that it acts without previously obtaining indemnity. No permissive right or power to act which the Issuer may have shall be construed as a requirement to act; and no delay in the exercise of a right or power shall affect its subsequent exercise of the right or power. The Borrower has indemnified the Issuer against certain acts and events as set forth in Section 7.23 of the Loan Agreement and Section 9 of the Regulatory Agreement. Such indemnities shall survive payment of the Bond and discharge of the Indenture.

Anything in this Indenture to the contrary notwithstanding, it is expressly understood by the parties to this Indenture that (a) the Issuer and the Trustee may rely exclusively on the truth and accuracy of any certificate, opinion, notice or other instrument furnished to the Issuer or the Trustee or the Bondowner Representative as to the existence of any fact or state of affairs, (b) the Issuer shall not be under any obligation under this Indenture to perform any record keeping or to provide any legal services, it being understood that such services shall be performed or caused to be performed by the Trustee or by the Bondowner Representatives, and (c) none of the provisions of this Indenture shall require the Issuer or the Trustee to expend or risk its own funds or otherwise to incur financial liability in the performance of any of its duties or in the exercise

of any of its rights or powers under this Indenture, unless it shall first have been adequately indemnified to its satisfaction against any costs, expenses and liability which it may incur as a result of taking such action.

Section 6.14. No Recourse. No recourse under or upon any obligation, covenant or agreement contained in the Indenture or in the Bond shall be had against any member, officer, commissioner, director or employee (past, present or future) of the Issuer, either directly or through the Issuer or its governing body or otherwise, for the payment for or to the Issuer or any receiver thereof, or for or to the Holder of the Bond issued hereunder, or otherwise, of any sum that may be due and unpaid by the Issuer or its governing body upon any such Bond. Any and all personal liability of every nature whether at common law or in equity or by statute or by constitution or otherwise of any such member, officer, commissioner, director or employee, as such, to respond by reason of any act of omission on his/her part or otherwise, for the payment for or to the Holder of the Bond issued hereunder or otherwise of any sum that may remain due and unpaid upon the Bond hereby secured is, by the acceptance hereof, expressly waived and released as a condition of and in consideration for the execution of the Indenture and the issuance of the Bond.

Section 6.15. General Representation. The Issuer is a public body, corporate and politic, organized and existing under the laws of the State of California, has the power and authority to (i) enter into the bond documents to which it is a party and the transactions contemplated thereby, (ii) issue the Bond to finance the Project and (iii) carry out its other obligations under this Indenture and the Bond, and by proper action has duly authorized the issuer's execution and delivery of, and its performance under, such bond documents and all other agreements and instruments relating thereto.

THE ISSUER MAKES NO REPRESENTATION, COVENANT OR AGREEMENT AS TO THE FINANCIAL POSITION OR BUSINESS CONDITION OF THE BORROWER OR THE PROJECT AND DOES NOT REPRESENT OR WARRANT AS TO ANY STATEMENTS, MATERIALS, REPRESENTATIONS OR CERTIFICATIONS FURNISHED BY THE BORROWER IN CONNECTION WITH THE SALE OF THE BOND OR AS TO THE CORRECTNESS, COMPLETENESS OR ACCURACY THEREOF.

ARTICLE VII

DEFAULT

Section 7.01. Events of Default; Acceleration; Waiver of Default. Each of the following events shall constitute an "Event of Default" hereunder:

- (a) failure to pay the principal of the Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by proceedings for redemption, by declaration or otherwise;
- (b) failure to pay any installment of interest on the Bond when such interest installment shall become due and payable; and

(c) failure by the Issuer to perform or observe any other of the covenants, agreements or conditions on its part in this Indenture or in the Bond contained, and the continuation of such failure for a period of thirty (30) days after written notice thereof, specifying such default and requiring the same to be remedied, shall have been given to the Issuer, the Trustee and the Borrower by the Bondowner Representative.

No default specified in (c) above shall constitute an Event of Default unless the Issuer or the Borrower shall have failed to correct such default within the applicable period; provided, however, that if such default described in (c) above shall be such that it cannot be corrected within such period, it shall not constitute an Event of Default if corrective action is instituted by the Issuer or the Borrower within the applicable period and diligently pursued until the default is corrected not to exceed sixty (60) days (without the consent of the Bondowner Representative). With regard to any alleged default concerning which notice is given to the Borrower under the provisions of (c) above, the Issuer hereby grants the Borrower full authority for the account of the Issuer to perform any covenant or obligation the non-performance of which is alleged in said notice to constitute a default in the name and stead of the Issuer with full power to do any and all things and acts to the same extent that the Issuer could do and perform any such things and acts and with power of substitution. Notwithstanding anything to the contrary contained herein, Bondowner Representative and Trustee hereby agree that any cure of any default made or tendered by one or more of Borrower's limited partners shall be accepted or rejected on the same basis as if made or tendered by the Borrower.

Upon the occurrence of an Event of Default described in (a), (b) or (c) above, unless the principal of the Bond shall have already become due and payable, upon the written request of the Bondowner Representative may, by notice in writing to the Issuer and the Trustee, declare the principal of the Bond then outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable, anything in this Indenture or in the Bond contained to the contrary notwithstanding or pursue such other remedies as are available at law or in equity. Upon any such declaration of acceleration, the Bondowner Representative shall fix a date for payment of the Bond.

The preceding paragraph, however, is subject to the condition that if, at any time after the principal of the Bond shall have been so declared due and payable, and before the first to occur of (a) the date of entry of any judgment or decree for the payment of the moneys due as hereinafter provided or (b) the date 5 days prior to the date fixed for foreclosure of the Deed of Trust or the liens of any of the other Loan Documents, there shall have been deposited with the Trustee a sum sufficient to pay all the principal of the Bond matured or required to be redeemed prior to such declaration and all matured installments of interest (if any) upon the Bond, with interest on such overdue installments of principal, and the reasonable fees and expenses of the Bondowner Representative, its agents and counsel, and any and all other defaults actually known to a Responsible Officer of the Trustee (other than in the payment of principal of and interest on the Bond due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Bondowner Representative or provision deemed by the Bondowner Representative to be adequate shall have been made therefor, then, and in every such case, the declaration shall be rescinded and annulled; but no such rescission, annulment or waiver shall extend to or shall affect any subsequent default, any default in obligations due the

Issuer pursuant to or under the Unassigned Issuer's Rights or shall impair or exhaust any right or power consequent thereon.

Section 7.02. Institution of Legal Proceedings by Bondowner Representative. If one or more of the Events of Default shall occur, the Bondowner Representative in its discretion may, proceed to protect or enforce its rights and/or the rights of the Holder of Bond under the Act or under this Indenture, the Loan Agreement and/or the other Loan Documents, by foreclosure of the Deed of Trust by exercise of the power of private sale thereunder or by judicial action, by foreclosure of or other realization upon the security interests in personal property created pursuant to the Loan Documents by strict foreclosure, judicial action or other remedies permitted by applicable laws, by a suit in equity or action at law, either for the specific performance of any covenant or agreement contained herein or therein, or in aid of the execution of any power herein or therein granted, or by mandamus or other appropriate proceeding for the enforcement of any other legal or equitable remedy as the Bondowner Representative shall deem most effectual in support of any of its rights or duties hereunder.

Section 7.03. Application of Moneys Collected by Trustee. Any moneys collected by the Bondowner Representative or the Trustee pursuant to Section 7.02 shall be applied in the order following, at the date or dates fixed by the Bondowner Representative and, in the case of distribution of such moneys on account of principal (or premium, if any) or interest, upon presentation of the Bond and stamping thereon the payment, if only partially paid, and upon surrender thereof, if fully paid:

First: For payment of any Issuer Ongoing Fee, all Ordinary Fees and Expenses due to the Trustee under Section 8.06 and for payment of all Extraordinary Fees and Expenses of the Trustee and Rebate Analyst Fee then due and payable under the bond documents.

Second: For payments of all earnings due to the Bondowner Representative pursuant to Section 8.06.

Third: For deposit in the Bond Fund to be applied to payment of the principal of the Bond then due and unpaid, the premium (if any) and interest thereon ratably to the persons entitled thereto without discrimination or preference.

Fourth: For payment of all other amounts due to any person hereunder or under the Loan Agreement or the other Loan Documents.

Section 7.04. Effect of Delay or Omission to Pursue Remedy. No delay or omission of the Bondowner Representative or of any Holder of Bond to exercise any right or power arising from any default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein, and every power and remedy given by this Article VII to the Bondowner Representative or to the Holder of Bond may be exercised from time to time and as often as shall be deemed expedient. In case the Bondowner Representative shall have proceeded to enforce any right under this Indenture, and such proceedings shall have been discontinued or abandoned because of waiver or for any other reason, or shall have been determined adversely to the Bondowner Representative, then and in every such case the Issuer,

the Bondowner Representative, the Trustee and the Holder of the Bond, severally and respectively, shall be restored to their former positions and rights hereunder in respect to the trust estate; and all remedies, rights and powers of the Issuer, the Bondowner Representative, Trustee and the Holder of the Bond shall continue as though no such proceedings had been taken.

Section 7.05. Remedies Cumulative. No remedy herein conferred upon or reserved to the Trustee, the Bondowner Representative or to any Holder of the Bond is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity.

Section 7.06. Covenant to Pay Bond in Event of Default. The Issuer covenants that, upon the happening of any Event of Default, the Issuer will cause to be paid to the Trustee upon demand, but only out of Revenues and subject to all the limitation on liability of the Issuer set forth herein, for the benefit of the Holder of the Bond, the whole amount then due and payable thereon (by declaration or otherwise) for interest or for principal, or both, as the case may be, and all other sums which may be due hereunder or secured hereby, including reasonable compensation to the Trustee, the Bondowner Representative, their agents and counsel, and any expenses or liabilities incurred by the Trustee or the Bondowner Representative hereunder. In case the Issuer shall fail to cause to be paid the same forthwith upon such demand, the Trustee at the direction of the Bondowner Representative, in its own name and as trustee of an express trust, and upon being indemnified to its satisfaction by the Holder, shall be entitled to institute proceedings at law or in equity in any court of competent jurisdiction to recover judgment for the whole amount due and unpaid, subject, however, to the condition that such judgment, if any, shall be limited to, and payable solely out of, Revenues and any other assets pledged, transferred or assigned to the Trustee or the Bondowner Representative under Sections 5.01 and 5.04 as herein provided and not otherwise. The Trustee or the Bondowner Representative shall be entitled to recover such judgment as aforesaid, either before or after or during the pendency of any proceedings for the enforcement of this Indenture, and the right of the Bondowner Representative to recover such judgment shall not be affected by the exercise of any other right, power or remedy for the enforcement of the provisions of this Indenture.

Section 7.07. Bondowner Representative Appointed Agent for Bondholder. The Bondowner Representative is hereby appointed the agent of the Holders of the Bond outstanding hereunder for the purpose of filing any claims relating to the Bond.

Section 7.08. Power of Bondowner Representative to Control Proceedings. Notwithstanding any other provision of this Indenture, the Bondowner Representative shall have exclusive control of the remedies set forth herein upon an Event of Default by the Borrower or the Issuer. In the event that the Bondowner Representative, upon the happening of an Event of Default, shall have taken any action, by judicial proceedings or otherwise, pursuant to its duties hereunder, it shall have full power, in the exercise of its sole discretion for the best interests of the holder of the Bond, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action.

Section 7.09. Limitation on Bondholder's Right to Sue. No Holder of the Bond issued hereunder shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon this Indenture, except through the actions of the Bondowner Representative. However, the right of the Holder of the Bond to receive payment of the principal of (and premium, if any) and interest on such Bond out of Revenues, as herein and therein provided, on and after the respective due dates expressed in such Bond, or to institute suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the consent of such Holder, except as otherwise provided or allowed pursuant to Sections 5.04, 7.02 and/or 7.08 of this Indenture.

Section 7.10. Limitation of Liability to Revenues. Notwithstanding anything in this Indenture contained, the Issuer shall not be required to advance any moneys derived from the proceeds of taxes collected by the County of Los Angeles, by the State of California or by any political subdivision thereof or from any source of income of any of the foregoing other than the Revenues for any of the purposes mentioned in this Indenture, whether for the payment of the principal of or interest on the Bond or for any other purpose of this Indenture. The Bond is a limited obligation of the Issuer, and are payable from and secured by the Revenues only. The Issuer has no taxing power.

ARTICLE VIII

THE TRUSTEE

Section 8.01. Duties, Immunities and Liabilities of Trustee. In consideration of the recitals hereinabove set forth and for other valuable consideration, the Issuer hereby agrees to employ the Trustee to receive, hold, invest and disburse the moneys received pursuant to the Loan Agreement for credit to the various funds and accounts established by this Indenture; to execute, deliver and transfer the Bond; and to apply and disburse the payments received from the Borrower pursuant to the Loan Agreement to the Holder of the Bond; and to perform certain other functions; all as herein provided and subject to the terms and conditions of this Indenture. The Trustee shall perform such duties and only such duties as are specifically set forth in this Indenture and no additional covenants or duties of the Trustee shall be implied in this Indenture.

No provision of this Indenture shall be construed to relieve the Trustee from liability for its own negligent action or its own negligent failure to act, except that:

(a) The duties and obligations of the Trustee shall be determined solely by the express provisions of this Indenture, the Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and in the absence of bad faith on the part of the Trustee, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificate or opinion furnished to the Trustee conforming to the requirements of this Indenture;

(b) At all times, regardless of whether or not any Event of Default shall exist, (1) the Trustee shall not be liable for any error of judgment made in good faith by a

Responsible Officer or officers or by any agent or attorney of the Trustee appointed with due care unless the Trustee was negligent in ascertaining the pertinent facts; and (2) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Issuer, accompanied by an opinion of Bond Counsel as provided herein or in accordance with the directions of the Holders of not less than a majority, or such other percentage as may be required hereunder, in aggregate principal amount of the Bond at the time Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Indenture;

(c) The Trustee shall not be required to take notice or be deemed to have notice of (i) any default hereunder or under the Loan Agreement, except defaults under Section 7.01(a) or (b) hereof, unless a Responsible Officer of the Trustee shall be specifically notified in writing of such default by the Issuer, the Bondowner Representative or the owner of the Bond, or (ii) any default under the Regulatory Agreement unless a Responsible Officer of the Trustee shall be specifically notified in writing of such default by the Issuer;

(d) Before taking any action under Article VII hereof or this Section at the request or direction of the Bondowner Representative, the Trustee may require that a satisfactory indemnity bond be furnished by the Bondowner Representative, for the reimbursement of all costs and expenses to which it may be put and to protect it against all liability which may be incurred in compliance with such request or direction, except liability which is adjudicated to have resulted from its negligence or willful misconduct in connection with any action so taken;

(e) Upon any application or request by the Issuer or Bondowner Representative to the Trustee to take any action under any provision of this Indenture, the Authorized Issuer Representative shall furnish to the Trustee a Certificate of the Issuer or Bondowner Representative stating that all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with, and an Opinion of Counsel stating that in the opinion of such Counsel all such conditions precedent, if any, have been complied with, except that in the case of any such application or request as to which the furnishing of such documents is specifically required by any provision of this Indenture relating to such particular application or request, no additional certificate or opinion need be furnished;

(f) The Trustee may execute any of the powers hereunder or perform any duties hereunder either directly or through agents or attorneys;

(g) Neither the Issuer nor the Borrower shall be deemed to be agents of the Trustee for any purpose, and the Trustee shall not be liable for any noncompliance of any of them in connection with their respective duties hereunder or in connection with the transactions contemplated hereby;

(h) The Trustee shall be entitled to rely upon telephonic notice for all purposes whatsoever so long as the Trustee reasonably believes such telephonic notice has been given by a person authorized to give such notice;

(i) The immunities extended to the Trustee also extend to its directors, officers, employees and agents;

(j) Under no circumstances shall the Trustee be liable in its individual capacity for the obligations evidenced by the Bond, it being the sole obligation of the Trustee to administer, for the benefit of the Bondholders, the various funds and accounts established hereunder;

(k) No permissive power, right or remedy conferred upon the Trustee hereunder shall be construed to impose a duty to exercise such power, right or remedy;

(l) The Trustee shall not be liable for any action taken or not taken by it in accordance with the direction of the Bondowner Representative related to the exercise of any right, power or remedy available to the Trustee; and

(m) The Trustee shall have no duty to review any financial statements or budgets filed with it by the Borrower.

None of the provisions contained in this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur individual financial liability in the performance of any of its duties or in the exercise of any of its rights or powers. Whether or not therein expressly so provided, every provision of this Indenture, the Loan Agreement, the Regulatory Agreement or any other document relating to the conduct, powers or duties of, or affecting the liability of, or affording protection to, the Trustee shall be subject to the provisions of this Article VIII.

Section 8.02. Right of Trustee to Rely Upon Documents, Etc. Except as otherwise provided in Section 8.01:

(a) The Trustee may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, bond or other paper or document believed by it to be genuine and to have been signed and presented by the proper party or parties;

(b) Any consent, demand, direction, election, notice, order or request of the Issuer mentioned herein shall be sufficiently evidenced by a Written Consent, Written Demand, Written Direction, Written Election, Written Notice, Written Order or Written Request of the Issuer, and any resolution of the Issuer may be evidenced to the Trustee by a Certified Resolution;

(c) The Trustee may consult with counsel (who may be counsel for the Trustee or Bond Counsel) and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance with the opinion of such counsel;

(d) Whenever in the administration of this Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, the Trustee may request and such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of negligence or bad faith on the part of the Trustee, be deemed to be conclusively proved and established by a Certificate of the Issuer; and such Certificate of the Issuer shall, in the absence of negligence or bad faith on the part of the Trustee, be full warrant to the Trustee for any action taken or suffered by it under the provisions of this Indenture upon the faith thereof; and

(e) The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit.

Section 8.03. Trustee Not Responsible for Recitals. The recitals contained herein and in the Bond shall be taken as the statements of the Issuer, and the Trustee assumes no responsibility for the correctness of the same or for the correctness of the recitals in the Regulatory Agreement. The Trustee shall have no responsibility with respect to any information, statement or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the Bond. The Trustee makes no representations as to the value or condition of any assets pledged or assigned as security for the Bond, or as to the right, title or interest of the Issuer therein, or as to the security provided thereby or by this Indenture, the Loan Agreement, the Deed of Trust or the other Loan Documents, or as to the compliance of the Project with the Act or the Law, or as to the tax-exempt status of interest on the Bond, or as to the technical or financial feasibility of the Project, or as to the validity, sufficiency or priority of this Indenture as an instrument of the Issuer or of the Bond as an obligation of the Issuer. The Trustee shall not be accountable for the use or application by the Issuer of the Bond authenticated or delivered hereunder or of the use or application of the proceeds of such Bond by the Issuer or the Borrower or their agents.

Section 8.04. Intervention by Trustee. The Trustee may intervene on behalf of the Bondholder in any judicial proceeding to which the Issuer is a party and which, in the opinion of the Trustee and its counsel, has a substantial bearing on the interests of owner of the Bond and, subject to the provisions of Section 8.01(d), shall do so if requested in writing by Bondowner Representative.

Section 8.05. Moneys Received by Trustee. All moneys received by the Trustee shall, until used or applied as herein provided, be held exclusively (subject to other provisions of this Indenture governing disposition of monies in funds and accounts) for the purposes for which they were received, but need not be segregated from other funds except to the extent required by law or as otherwise provided herein. The Trustee shall be under no liability for interest on any moneys received by it hereunder except such as it may agree with the Issuer to pay thereon. Any moneys held by the Trustee may be deposited by it in its banking department and invested in Investment Securities.

Section 8.06. Compensation and Immunities of Trustee and Agents. The Bondowner Representative and the Trustee shall be entitled to receive compensation from the Borrower for their services as Bondowner Representative and Trustee, respectively, as provided in the Loan Agreement and the Regulatory Agreement, and shall be indemnified by the Borrower as provided in the Loan Agreement and the Regulatory Agreement. The Bondowner Representative and the Trustee acknowledge and agree that, unless otherwise agreed to in writing by the Issuer, the Issuer shall not be responsible for the fees and expenses of the Bondowner Representative and the Trustee, and is providing no indemnification to the Bondowner Representative and the Trustee.

Section 8.07. Qualifications of Trustee. The Trustee shall be a corporation or banking association organized and doing business under the laws of the United States or of a state thereof and having a reported capital and surplus of not less than \$50,000,000.

Section 8.08. Merger or Consolidation of Trustee. Any corporation or association into which the Trustee may be merged or with which it may be consolidated, or any corporation or association resulting from any merger or consolidation to which the Trustee shall be a party, or any corporation or association succeeding to the corporate trust business of the Trustee, by sale or otherwise, shall be the successor of the Trustee hereunder without the execution or filing of any paper or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding, provided that such successor Trustee shall be eligible under the provisions of Section 8.07.

Section 8.09. Dealing in Bonds. The Trustee, in accordance with the restrictions set forth herein, may in its individual capacity and in good faith buy, sell, own, hold and deal in the Bond, and may join in any action which any Bondholder may be entitled to take with like effect as if it did not act in any capacity hereunder. The Trustee in its individual capacity, either as principal or agent, may also engage in or be interested in any financial or other transaction with the Issuer, and may act as depository, trustee or agent for any committee or body of Bondholders secured hereby or other obligations of the Issuer as freely as if it did not act in any capacity hereunder.

Section 8.10. Trustee and Bondowner Representative's Fees, Charges and Expenses. The Trustee, the Bondowner Representative and any Paying Agent shall be entitled to payment and/or reimbursement for ordinary fees and expenses and, following the occurrence of an acceleration of the Bond or of the Loan or Event of Default hereunder or under the Loan Agreement, all advances, counsel fees and other expenses reasonably made or incurred by the Trustee or the Bondowner Representative in and about the execution of the trusts created by this Indenture in connection with such acceleration or Event of Default and in and about the exercise and performance of the powers and duties of the Trustee or the Bondowner Representative hereunder in connection with such acceleration or Event of Default and for the reasonable and necessary costs and expenses incurred in defending any liability in the premises of any character whatsoever (unless such liability is adjudicated to have resulted from the negligence or willful misconduct of the Trustee) in connection with such acceleration or Event of Default. In this regard provisions have been made in the Regulatory Agreement for the payment of said fees, advances, counsel fees, costs and expenses, and reference is hereby made

to the Regulatory Agreement for the provisions so made; and the Issuer shall not otherwise be liable for the payment of such sums.

Section 8.11. Resignation by Trustee. The Trustee and any successor trustee may at any time resign from the trusts hereby created by giving 30 days' written notice to the Issuer, the Bondowner Representative and the Borrower and by first-class mail to each Bondholder as shown on the Bond Register, and such resignation shall take effect upon the appointment of a successor trustee as provided in Section 8.13. Such notice to the Issuer, the Bondowner Representative or the Borrower may be served personally or sent by registered or certified mail, or overnight courier.

Section 8.12. Removal of Trustee. The Issuer may remove the Trustee at any time unless an Event of Default occurs and is then continuing, and shall remove the Trustee if at any time requested to do so by an instrument or concurrent instruments in writing signed by the Bondholders of not less than a majority in aggregate principal amount of the Bonds then Outstanding (or their attorneys duly authorized in writing) or if at any time the Trustee shall cease to be eligible in accordance with Section 8.07 hereof, or shall become incapable of acting, or shall be adjudged bankrupt or insolvent, or a receiver of the Trustee or its property shall be appointed, or any public officer shall take control or charge of the Trustee or of its property or any substantial portion thereof or affairs for the purpose of rehabilitation, conservation or liquidation, in each case by giving written notice of such removal to the Trustee and thereupon the Borrower shall appoint a successor Trustee by an instrument in writing. Any successor Trustee appointed by the Borrower under Section 8.13 of this Indenture shall be subject to the approval of Bondowner Representative and the Issuer, which approval shall not unreasonably be withheld or delayed.

Section 8.13. Appointment of Successor Trustee. In case the Trustee hereunder shall resign or be removed, or be dissolved or shall be in course of dissolution or liquidation, or otherwise become incapable of acting hereunder, or in case it shall be taken under the control of any public officer or officers, or of a receiver appointed by a court, a successor may be appointed by the Borrower, with the consent of the Issuer and the Bondowner Representative, as evidenced by an instrument or concurrent instruments in writing signed by the Issuer and the Bondowner Representative. Every such Trustee appointed pursuant to the provisions of this Section 8.13 must be a trust company or bank having (or if such trust company or bank is a member of a bank holding company system, its bank holding company has) trust powers and having a reported capital and surplus not less than \$50,000,000.

Section 8.14. Acceptance by Successor Trustees. Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor, to the Borrower and also to the Issuer and the Bondowner Representative, an instrument in writing accepting such appointment hereunder, and thereupon such successor, without any further act, deed or conveyance shall become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessors as Trustee; but such predecessor shall, nevertheless, on the written request of the Issuer, or of its successor Trustee, execute and deliver an instrument transferring to such successor Trustee all the estates, properties, rights, powers and trusts of such predecessor hereunder, and every predecessor Trustee shall deliver all securities and moneys held by it as Trustee hereunder to its successor. Should any instrument in writing

from the Issuer be required by any successor Trustee for more fully and certainly vesting in such successor the estates, rights, powers and duties hereby vested or intended to be vested in the predecessor trustee, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by an Authorized Officer. The resignation of any Trustee and the instrument or instruments removing any Trustee and appointing a successor hereunder, together with all other instruments provided for in this Article, shall be forthwith filed or recorded or both by the successor Trustee in each recording office where this Indenture or the Deed of Trust shall have been filed or recorded or both.

Section 8.15. Successor Trustee as Custodian of Funds and Paying Agent. In the event of a change in the office of the Trustee, the predecessor Trustee which has resigned or been removed shall cease to be custodian of the Funds hereunder and shall cease to act as a paying agent for principal and interest on the Bond, and the successor Trustee shall be and become such custodian and a paying agent.

Section 8.16. Co-Trustee.

(a) At any time or times upon the consent of an Authorized Officer and the Bondowner Representative, for the purpose of meeting any legal requirements of any jurisdiction in which any part of the Trust Estate may at the time be located, the Trustee shall have the power to appoint one or more persons either to act as co-trustee or co-trustees, jointly with the Trustee, of all or any part of the Trust Estate, or to act as separate trustee or separate trustees of all or any part of the Trust Estate, and to vest in such person or persons, in such capacity, such right to the Trust Estate or any part thereof, and such rights, powers, duties, trusts or obligations as the Trustee may consider necessary or desirable, subject to the remaining provisions of this Section 8.16. Every such co-trustee or separate trustee appointed pursuant to the provisions of this Section 8.16 must be a trust company or bank having trust powers and having a reported capital and surplus not less than \$50,000,000, if there be such an institution willing, qualified and able to accept the trust upon reasonable or customary terms.

(b) [Reserved]

(c) Every co-trustee or separate trustee shall, to the extent permitted by law but to such extent only, be appointed subject to the following terms, namely:

(i) All rights, powers, trusts, duties and obligations conferred by this Indenture upon the Trustee with respect to the custody, control or management of moneys, papers, securities and other personal property shall be exercised solely by the Trustee.

(ii) All rights, powers, trusts, duties and obligations conferred or imposed upon the trustees shall be conferred or imposed upon and exercised or performed by the Trustee, or by the Trustee and such co-trustee or co-trustees or separate trustee or separate trustees jointly, as shall be provided in the instrument appointing such co-trustee or co-trustees or separate trustee or separate trustees; provided, however, the Trustee shall remain responsible for exercising all rights

and powers, maintaining all trusts and performing all duties and obligations conferred or imposed upon the trustees, except to the extent that, under the law of any jurisdiction in which any particular act or acts are to be performed, the Trustee shall be incompetent or unqualified to perform such act or acts, in which event such act or acts shall be performed by such co-trustee or co-trustees or separate trustee or separate trustees.

(iii) Any request in writing by the Trustee to any co-trustee or separate trustee to take or to refrain from taking any action hereunder shall be sufficient warrant for the taking, or the refraining from taking, of such action by such co-trustee or separate trustee.

(iv) Any co-trustee or separate trustee may delegate to the Trustee the exercise of any right, power, trust, duty or obligation, discretionary or otherwise.

(v) The Trustee at any time, by an instrument in writing, may accept the resignation of or remove any co-trustee or separate trustee appointed under this Section 8.16. A successor to any co-trustee or separate trustee so resigned or removed may be appointed in the manner provided in this Section 8.16.

(vi) No trustee hereunder shall be personally liable by reason of any act or omission of any other trustee hereunder.

(vii) Any demand, request, direction, appointment, removal, notice, consent, waiver or other action in writing delivered to the Trustee shall be deemed to have been delivered to each co-trustee or separate trustee.

(viii) Any moneys, papers, securities or other items of personal property received by any such co-trustee or separate trustee hereunder shall forthwith, so far as may be permitted by law, be turned over to the Trustee.

(d) Upon the acceptance in writing of such appointment by any such co-trustee or separate trustee, such co-trustee or separate trustee shall be vested with such interest in and to the Trust Estate or any part thereof, and with such rights, powers, duties or obligations, as shall be specified in the instrument of appointment jointly with the Trustee (except insofar as local law makes it necessary for any such co-trustee or separate trustee to act alone) subject to all the terms of this Indenture. Every such acceptance shall be filed with the Trustee. Any co-trustee or separate trustee may, at any time by an instrument in writing, constitute the Trustee its or his or her attorney-in-fact and agent, with full power and authority to do all acts and things and to exercise all discretion on its or his or her behalf and in its or his or her name.

(e) In case any co-trustee or separate trustee shall die, become incapable of acting, resign or be removed, the title to the Trust Estate and all rights, powers, trusts, duties and obligations of said co-trustee or separate trustee shall, so far as permitted by law, vest in and be exercised by the Trustee unless and until a successor co-trustee or separate trustee shall be appointed in the manner herein provided.

Section 8.17. Certain Representations of Trustee. The Trustee represents that the Trustee will take possession of the Note in accordance with the terms of the Indenture in the ordinary course of its business and without knowledge that the Note is subject to a security interest (except the security interest of the Trustee under the Indenture).

Section 8.18. Compliance with Laws. Trustee shall keep itself fully informed of the Issuer's codes, ordinances and regulations of the Issuer and of all state, and federal laws in any manner affecting the performance of this Indenture, and must at all times comply with such local codes, ordinances, and regulations and all applicable laws as they may be amended from time to time.

Section 8.19. Proprietary or Confidential Information of Issuer. Trustee understands and agrees that, in the performance of the work or services under this Indenture or in contemplation thereof, Trustee may have access to private or confidential information which may be owned or controlled by Issuer and that such information may contain proprietary or confidential details, the disclosure of which to third parties may be damaging to Issuer. Trustee agrees that all information disclosed by Issuer to Trustee shall be held in confidence and used only in performance of the Indenture. Trustee shall exercise the same standard of care to protect such information as a reasonably prudent contractor would use to protect its own proprietary data.

Section 8.20. Audit and Inspection of Records. Trustee agrees to maintain and make available to the Issuer, during regular business hours, accurate books and accounting records relating to its work under this Indenture. Trustee will permit Issuer to audit, examine and make excerpts and transcripts from such books and records, and to make audits of all invoices, materials, payrolls, records or personnel and other data related to all other matters covered by this Indenture, whether funded in whole or in part under this Indenture. Trustee shall maintain such data and records in an accessible location and condition for a period of not less than five years after final payment under this Indenture or until after final audit has been resolved, whichever is later. The State of California or any federal agency having an interest in the subject matter of this Indenture shall have the same rights conferred upon Issuer by this Section.

Section 8.21. Compliance with Americans with Disabilities Act. The Trustee shall be in full compliance with all federal and state laws, including those of the Americans with Disabilities Act, 42 U.S.C. 12101 et seq., and its implementing regulations and the American Disabilities Act Amendments Act (ADAAA) Pub. L. 110-325 and all subsequent amendments (the "ADA"). Under the ADA, the Trustee shall provide for reasonable accommodations to allow qualified individuals access to and participation in their programs, services and activities in accordance with the ADA. In addition, the Trustee shall not discriminate against individuals with disabilities nor against persons due to their relationship or association with a person with a disability. Any subcontract entered into by the Trustee, relating to this Indenture, to the extent allowed hereunder, shall be subject to the provisions of this paragraph.

ARTICLE IX

MODIFICATION OF INDENTURE

Section 9.01. Modification of Indenture. With the prior written consent of the Bondowner Representative or of the Holder of the Bond at the time outstanding, evidenced as provided in Section 11.08, the Issuer, the Trustee and the Bondowner Representative may from time to time and at any time enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture or of any supplemental indenture; provided, however, that, no such supplemental indenture shall amend, modify, supplement, waive or otherwise affect the foregoing requirements that the Bondowner Representative's consent is required for the execution of such supplemental indentures. Upon receipt by the Bondowner Representative of a Certified Resolution authorizing the execution of any such supplemental indenture, and upon the filing with the Trustee of evidence of the consent of the Bondholder, as aforesaid, and receipt of Written Consent of the Borrower, the Trustee shall join with the Issuer in the execution of such supplemental indenture, unless such supplemental indenture affects the Trustee's own rights, duties or immunities under this Indenture or otherwise, in which case the Trustee may in its discretion, but shall not be obligated to, enter into such supplemental indenture.

It shall not be necessary for the consent of the Bondholder under this Section to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such consent shall approve the substance thereof.

Promptly after the execution by the Issuer, the Trustee and the Bondowner Representative of any supplemental indenture pursuant to the provisions of this Section, the Trustee shall give the Holder, by first class mail, a notice setting forth in general terms the substance of such supplemental indenture. Any failure of the Trustee to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such supplemental indenture.

Section 9.02. Effect of Supplemental Indenture. Upon the execution of any supplemental indenture pursuant to the provisions of this Article IX, this Indenture shall be and be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Indenture of the Issuer, the Trustee, Bondowner Representative and the Holder of the Bond shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modifications and amendments, and all the terms and conditions of any such supplemental indenture shall be part of the terms and conditions of this Indenture for any and all purposes.

Section 9.03. Opinion of Counsel as to Supplemental Indenture. Subject to the provisions of Section 8.01, the Trustee shall be entitled to receive, and shall be fully protected in relying upon, an Opinion of Counsel as conclusive evidence that any supplemental indenture executed pursuant to the provisions of this Article IX is authorized and permitted by this Indenture.

Section 9.04. Notation of Modification on Bond; Preparation of New Bond. A Bond authenticated and delivered after the execution of any supplemental indenture pursuant to the provisions of this Article IX may bear a notation, in form approved by the Bondowner Representative and the Issuer, as to any matter provided for in such supplemental indenture, and if such supplemental indenture shall so provide, a new Bond, so modified as to conform, in the opinion of the Bondowner Representative and the Issuer, to any modification of this Indenture contained in any such supplemental indenture, may be prepared and authenticated by the Trustee and delivered without cost to the Holder of the Bond then outstanding, upon surrender for cancellation of such Bonds in equal aggregate principal amounts.

ARTICLE X

DEFEASANCE

Section 10.01. Discharge of Indenture. If the entire indebtedness on the Bond Outstanding shall be paid and discharged in any one or more of the following ways:

- (a) by the payment of the principal of (including redemption premium, if any) and interest on the Bond Outstanding; or
- (b) by the delivery to the Trustee, for cancellation by it, of the Bond outstanding;

and if all other sums payable hereunder by the Issuer shall be paid and discharged; then and in that case this Indenture shall cease, terminate and become null and void, except only as provided in Sections 2.03, 2.05, 6.06, 6.07, 6.08, 8.06 and 10.02 hereof, and thereupon the Trustee shall, forthwith execute proper instruments acknowledging satisfaction of, and discharging, this Indenture. The reasonable fees, expenses and charges of the Trustee (including reasonable counsel fees) must be paid in order to effect such discharge. The satisfaction and discharge of this Indenture shall be without prejudice to the rights of the Trustee to charge and be reimbursed by the Borrower for any reasonable expenditures which it may thereafter incur in connection herewith.

The Issuer or the Borrower may at any time surrender to the Trustee for cancellation by it any Bonds previously authenticated and delivered which the Issuer or the Borrower lawfully may have acquired in any manner whatsoever, and such Bonds upon such surrender and cancellation shall be deemed to be paid and retired.

Section 10.02. Payment of Bond after Discharge of Indenture. Notwithstanding any provisions of this Indenture, any moneys deposited with the Trustee or any paying agent for the payment of the principal of, or interest or premium on, the Bond remaining unclaimed for two (2) years after such principal, interest or premium has become due and payable (whether at maturity or upon call for redemption or by declaration as provided in this Indenture), shall then be paid to the Borrower, and the Holder of the Bond shall thereafter be entitled to look only to the Borrower for payment thereof, and only to the extent of the amount so paid to the Borrower and all liability of the Trustee or any paying agent with respect to such moneys shall thereupon cease. In the event of the payment of any such moneys to the Borrower as aforesaid, the Holder

of the Bond in respect of which such moneys were deposited shall thereafter be deemed to be unsecured creditors of the Borrower for amounts equivalent to the respective amounts deposited for the payment of the Bond and so paid to the Borrower (without interest thereon).

ARTICLE XI

MISCELLANEOUS

Section 11.01. Successors of Issuer. All the covenants, stipulations, promises and agreements in this Indenture contained, by or on behalf of the Issuer, shall bind and inure to the benefit of its successors and assigns, whether so expressed or not. If any of the powers or duties of the Issuer shall hereafter be transferred by any law of the State of California, and if such transfer shall relate to any matter or thing permitted or required to be done under this Indenture by the Issuer, then the body or official who shall succeed to such powers or duties shall act and be obligated in the place and stead of the Issuer as in this Indenture provided.

Section 11.02. Limitation of Rights to Parties and Bondholders. Nothing in this Indenture or in the Bond expressed or implied is intended or shall be construed to give to any person other than the Issuer, the Trustee, the Bondowner Representative, the Borrower and the Holder of the Bond issued hereunder any legal or equitable right, remedy or claim under or in respect of this Indenture or any covenant, condition or provision therein or herein contained; and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the Issuer, the Bondowner Representative, the Borrower and the Holder of the Bond issued hereunder.

Section 11.03. Waiver of Notice. Whenever in this Indenture the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the person entitled to receive such notice and in any such case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Section 11.04. Destruction of Bond. Whenever in this Indenture provision is made for the cancellation by the Trustee and the delivery to the Issuer of the Bond, the Trustee shall, in lieu of such cancellation and delivery, destroy the Bond and deliver a certificate of such destruction to the Issuer.

Section 11.05. Separability of Invalid Provisions. In case any one or more of the provisions contained in this Indenture or in the Bond shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Indenture, but this Indenture shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein.

Section 11.06. Notices. It shall be sufficient service of any notice, request, demand or other paper on the Issuer, the Trustee, the Bondowner Representative or the Borrower if the same shall, except as otherwise provided herein, be duly made by U.S. certified mail, return receipt requested, postage prepaid, by a nationally-recognized overnight delivery service or by telecopier (promptly confirmed by mail or overnight delivery service as described above), in each case addressed to the appropriate party at the address for such party set forth below:

The Trustee:	U.S. Bank National Association 633 W. 5 th Street, 24 th Floor Los Angeles, CA 90071 Attention: Corporate Trust Department
The Issuer:	The Housing Authority of the County of Los Angeles 2 Coral Circle Monterey Park, CA 91755 Attention: Pat Case and Jewel Warren-Reed Facsimile: 323-890-9715 Telephone: 323-838-7768
The Bondowner Representative:	Union Bank, N.A. Commercial Real Estate Loan Admission 145 S. State College Boulevard, Suite 600 Brea, California 92821 Attention: Manager
The Borrower:	The Courtyard at La Brea, L.P. 7530 Santa Monica Blvd., Suite 1 West Hollywood, CA 90046 Attention: [_____]
With copies to the Borrower's Limited Partner:	Union Bank, N.A. 200 Pringle Avenue, Suite 355 Walnut Creek, CA 94596 Attention: CDF Division Head

Except as provided in the immediately succeeding sentence, any notice given in accordance with this Section 11.06 shall be deemed to have been duly given upon actual receipt or refusal to accept delivery. The Issuer, the Trustee, the Bondowner Representative and the Borrower may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent, which shall be effective 3 days after such notice is given as provided herein.

Section 11.07. Authorized Representatives. Whenever under the provisions of this Indenture the approval of the Issuer or the Borrower is required for any action, and whenever the Issuer or the Borrower is required to deliver any notice or other writing, such approval or such notice or other writing shall be given, respectively, on behalf of the Issuer by an Authorized Issuer Representative or on behalf of the Borrower by the Authorized Borrower Representative, and the Issuer, the Trustee and the Borrower shall be authorized to act on any such approval or notice or other writing and neither party hereto nor the Borrower shall have any complaint against the others as a result of any such action taken.

Section 11.08. Evidence of Rights of Bondholder. (a) Any request, consent or other instrument required by this Indenture to be signed and executed by the Bondholder may be in any number of concurrent writings of substantially similar tenor and may be signed or executed by the Bondholder in person or by agent or agents duly appointed in writing. Proof of the execution of any such request, consent or other instrument or of a writing appointing any such agent, or of the ownership of the Bond, shall be sufficient for any purpose of this Indenture and shall be conclusive in favor of the Trustee and of the Issuer if made in the manner provided in this Section.

(b) The fact and date of the execution by any person of any such request, consent or other instrument or writing may be proved by the affidavit of a witness of such execution or by the certificate of any notary public or other officer of any jurisdiction, authorized by the laws thereof to take acknowledgments of deeds, certifying that the person signing such request, consent or other instrument or writing acknowledged to him the execution thereof.

(c) The ownership of the Bond shall be proved by the Bond register maintained pursuant to Section 2.06 hereof. The fact and the date of execution of any request, consent or other instrument and the amount and distinguishing numbers of a Bond held by the person so executing such request, consent or other instrument may also be proved in any other manner which the Trustee may deem sufficient. The Trustee may nevertheless, in its discretion, require further proof in cases where it may deem further proof desirable.

(d) Any request, consent or vote of the holder of the Bond shall bind every future holder of the Bond and the holder of any Bond issued in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the Issuer in pursuance of such request, consent or vote.

(e) [Reserved].

(f) In lieu of obtaining any demand, request, direction, consent or waiver in writing, the Trustee may call and meet with the Bondholder upon such notice and in accordance with such rules and regulations as the Bondowner Representative considers fair and reasonable for the purpose of obtaining any such action.

Section 11.09. Waiver of Personal Liability. No recourse under or upon any obligation, covenant, warranty or agreement contained in this Indenture or in the Bond, or under any judgment obtained against the Issuer, or the enforcement of any assessment, or any legal or equitable proceedings by virtue of any constitution or statute or otherwise, or under any circumstances under or independent of this Indenture, shall be had against the commissioners, officers, agents or employees of the Issuer, as such, past, present or future of the Issuer, either directly or through the Issuer or otherwise, for the payment for or to the Issuer or any receiver of the Issuer, or for or to the owners of the Bond, or otherwise, of any sum that may be due and unpaid by the Issuer or its governing body upon the Bond. Any and all personal liability of every nature whether at common law or in equity or by statute or by constitution or otherwise of the Issuer's commissioners, officer, agent or employee, as such, past, present or future of the

Issuer by reason of any act or omission on his or her part or otherwise, for the payment for or to the owners of the Bond or otherwise of any sum that may remain due and unpaid upon the Bond secured by this Indenture or any of them is, by the acceptance of the Bond, expressly waived and released as a condition of and in consideration for the execution of this Indenture and the issuance of the Bond. Anything in this Indenture to the contrary notwithstanding, it is expressly understood by the parties to this Indenture that (a) the Issuer may rely exclusively on the truth and accuracy of any certificate, opinion, notice or other instrument furnished to the Issuer by the Trustee or any Bondholder as to the existence of any fact or state of affairs, (b) the Issuer shall not be under any obligation under this Indenture to perform any recordkeeping or to provide any legal services, it being understood that such services shall be performed or caused to be performed by the Trustee or by any Bondholder and (c) none of the provisions of this Indenture shall require the Issuer to expend or risk its own funds or otherwise to incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers under this Indenture, unless it shall first have been adequately indemnified to its satisfaction against any costs, expenses and liability which it may incur as a result of taking such action. No recourse for the payment of any part of the principal of, premium, if any, or interest on the Bond or for the satisfaction of any liability arising from, founded upon or existing by reason of the issuance, purchase or ownership of any Bond shall be had against any officer, member, agent or employee of the Issuer, as such, all such liability being expressly released and waived as a condition of and as a part of the consideration for the execution of this Indenture and the issuance of the Bond. No covenant, stipulation, obligation or agreement of the Issuer contained in this Indenture shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future member, officer, agent or employee of the Issuer in other than that person's official capacity. No member, officer, agent or employee of the Issuer shall be individually or personally liable for the payment of the principal or redemption price of or interest on the Bond or be subject to any personal liability or accountability by reason of the issuance of the Bond.

Section 11.10. Business Days. If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this Indenture, is not a Business Day, such payment may be made or act performed or right exercised on the next succeeding Business Day with the same force and effect as if done on the date provided therefor in this Indenture and, in the case of any payment, no interest shall accrue for the period from and after such date.

Section 11.11. Execution in Several Counterparts. This Indenture may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts shall together constitute but one and the same instrument.

Section 11.12. Governing Law. This Indenture shall be governed by and construed in accordance with the laws of the State of California applicable to contracts made and performed in such State.

Section 11.13. Successors. Whenever in this Indenture either the Issuer, the Trustee or the Bondowner Representative is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Indenture

contained by or on behalf of the Issuer, the Trustee or the Bondowner Representative shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not. The Bondowner Representative is hereby made an express third-party beneficiary of this Indenture.

Section 11.14. CUSIP Numbers. Neither the Trustee nor the Issuer shall be liable for any defect or inaccuracy in any CUSIP number that may appear on any Bond or in any redemption notice. The Trustee may, in its discretion, include in any redemption notice a statement to the effect that any CUSIP numbers on the Bonds have been assigned by an independent service and are included in such notice solely for the convenience of the Bondholder and that neither the Issuer nor the Trustee shall be liable for any inaccuracies in such numbers.

Section 11.15. Indemnification of Issuer by Bondowner Representative. The Bondowner Representative acknowledges that notwithstanding any other provision of this Indenture or the Regulatory Agreement, the Bondowner Representative is acting as an independent contractor and not as the agent of Issuer in servicing and administering the Bond and the Loan. The Bondowner Representative agrees to indemnify, hold harmless and defend the Issuer, its Board of Commissioners and any of the members, officers, agents or employees of the Issuer, as such, past, present or future of the Issuer against all loss, costs, damages, expenses, suits, judgments, actions and liabilities of whatever nature (including, without limitation, attorneys' fees, litigation and court costs, amounts paid in settlement, and amounts paid to discharge judgments) directly or indirectly resulting from or arising out of or related to any act or omission on the part of the Bondowner Representative under this Indenture caused by the negligence or willful misconduct of the Bondowner Representative.

IN WITNESS WHEREOF, the Issuer, the Bondowner Representative and the Trustee have caused this Indenture to be executed by duly authorized officers, all as of the date first above written.

THE HOUSING AUTHORITY OF THE
COUNTY OF LOS ANGELES, as Issuer

By: _____

Sean Rogan
Executive Director

Approved as to form:

Andrea Sheridan Ordin, County Counsel

Deputy

UNION BANK, N.A. as Bondowner
Representative

By: _____

Authorized Officer

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By: _____

Authorized Officer

EXHIBIT A

FORM OF BOND

EXCEPT AS EXPRESSLY PROVIDED IN THE INDENTURE
THE TRUSTEE IS PROHIBITED FROM REGISTERING THE OWNERSHIP OR
TRANSFER OF OWNERSHIP OF THIS BOND TO ANY PERSON WITHOUT RECEIPT OF
AN EXECUTED INVESTOR LETTER AS DEFINED IN AND ATTACHED TO THE
INDENTURE DESCRIBED HEREIN.

No. ____

\$_____

UNITED STATES OF AMERICA
STATE OF CALIFORNIA
THE HOUSING AUTHORITY OF THE COUNTY OF LOS ANGELES
MULTIFAMILY HOUSING REVENUE BOND
(THE COURTYARD AT LA BREA APARTMENTS),
SERIES 2011B

Dated Date

Maturity Date

December 1, 2014

REGISTERED OWNER: UNION BANK, N.A.

PRINCIPAL SUM: _____ DOLLARS

The Housing Authority of the County of Los Angeles, a public body, corporate and politic, organized and existing under the laws of the State of California (herein called the “Issuer”), for value received, hereby promises to pay (but only out of Revenues as hereinafter provided) to the Registered Owner identified above or registered assigns, the sum of up to SEVEN MILLION EIGHT HUNDRED THOUSAND DOLLARS (\$7,800,000) together with interest on the unpaid Outstanding Balance (as hereinafter defined) at the Interest Rate, as determined in accordance with Section 2.02 of the Indenture, in effect from time to time, until the Issuer’s obligation to pay the Outstanding Balance shall be discharged. The Outstanding Balance shall mean the purchase price of the Bond (defined below) which has been advanced by the purchaser thereof under the Indenture described below, and has not been repaid by the Issuer as of the date of calculation of the Outstanding Balance.

All capitalized terms used but not otherwise defined herein shall have the meanings ascribed thereto in the Loan Agreement or the Indenture hereinafter mentioned.

This Bond shall mature on the Maturity Date set forth above, and the entire unpaid principal balance of and any accrued interest on this Bond shall be paid in full on or before such date. Interest shall be due and payable on each Interest Payment Date in accordance with the requirements of the Indenture. Additional amounts shall be remitted to the owner of this Bond as required by the Indenture, arising by reason of payments due under the Note and the Loan Agreement referenced below in excess of the principal and interest due on this Bond.

This Bond is designated as “*The Housing Authority of the County of Los Angeles Multifamily Housing Revenue Bond (The Courtyards at La Brea Apartments), Series 2011B*” (the “Bond”), in the initial maximum aggregate principal amount of up to \$7,800,000. The Bond is issued pursuant to Chapter 1 of Part 2 of Division 24 of the Health and Safety Code of the State of California (herein called the “Act”) and a resolution of the Issuer (the “Resolution”) and issued under and secured by an Indenture, dated as of December 1, 2011 (the “Indenture”), by and among the Issuer, U.S. Bank National Association, as Trustee (the “Trustee”) and Union Bank, N.A. as Bondowner Representative (the “Bondowner Representative”). Reference is hereby made to the Indenture and all indentures supplemental thereto for a description of the rights thereunder of the owners of the Bond, of the nature and extent of the security, of the rights, duties and immunities of the Bondowner Representative and of the rights and obligations of the Issuer thereunder, to all of the provisions of which Indenture the holder of this Bond, by acceptance hereof, assents and agrees.

THE BOND IS A LIMITED OBLIGATION OF THE ISSUER, PAYABLE SOLELY FROM THE PLEDGED REVENUES AND OTHER FUNDS AND MONEYS PLEDGED AND ASSIGNED UNDER THE INDENTURE. NEITHER THE ISSUER, THE STATE OF CALIFORNIA, NOR ANY POLITICAL SUBDIVISION THEREOF (EXCEPT THE ISSUER, TO THE LIMITED EXTENT SET FORTH IN THE INDENTURE) NOR ANY PUBLIC AGENCY SHALL IN ANY EVENT BE LIABLE FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM (IF ANY) OR INTEREST ON THE BOND OR FOR THE PERFORMANCE OF ANY PLEDGE, OBLIGATION OR AGREEMENT OF ANY KIND WHATSOEVER EXCEPT AS SET FORTH IN THE INDENTURE, AND NONE OF THE BOND OR ANY OF THE ISSUER’S AGREEMENTS OR OBLIGATIONS SHALL BE CONSTRUED TO CONSTITUTE AN INDEBTEDNESS OF OR A PLEDGE OF THE FAITH AND CREDIT OF OR A LOAN OF THE CREDIT OF OR A MORAL OBLIGATION OF ANY OF THE FOREGOING WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION WHATSOEVER. THE ISSUER HAS NO TAXING POWER.

The Bond is a limited obligation of the Issuer and, as and to the extent set forth in the Indenture, is payable solely from, and secured by a pledge of and lien on, the Revenues (as that term is defined in the Indenture), consisting primarily of amounts paid by The Courtyard at La Brea, L.P., a California limited partnership (the “Borrower”) pursuant to a Construction and Permanent Loan Agreement (Multifamily Housing Bond Program with Trustee), dated as of December 1, 2011 (the “Loan Agreement”), among the Bondowner Representative, the Issuer and the Borrower, to finance the acquisition and construction of a multifamily rental housing project by the Borrower in the Issuer. The loan of the proceeds of the Bond under the Loan Agreement (the “Loan”) will be evidenced by a promissory note (the “Note”) of the Borrower. Except as otherwise specified by the Bondowner Representative following an Event of Default, this Bond is payable only from amounts paid under the Note.

The Bond shall be subject to redemption in accordance with the Indenture. Without limitation on the generality of the foregoing, the Bond shall be subject to redemption prior to maturity, at a price equal to the principal amount of Bond to be redeemed plus interest accrued thereon to the date fixed for redemption, together with any premium required under the Indenture (a) in whole or in part, upon optional prepayment of the Loan in whole or in part; (b) in whole following acceleration of the Loan upon the occurrence of an Event of Default under and as

defined in the Loan Agreement; (c) in whole or in part on any date from the proceeds of any mandatory prepayment of the Loan under the terms of the Note or the Loan Agreement other than of the type described in (b); (d) [reserved]; (e) [reserved]; and (f) in whole, at the direction of the Bondowner Representative, upon a Determination of Taxability.

Notice of redemption of the Bond shall be given to the registered owner of the Bond, the Issuer and the Borrower as set forth in the Indenture.

Upon the occurrence of an Event of Default as defined in the Indenture, unless the principal of the Bond shall have already become due and payable, upon the written request of the Bondowner Representative may, by notice in writing to the Issuer and the Trustee, declare the principal of the Bond then outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable, anything in the Indenture or in the Bond contained to the contrary notwithstanding or pursue such other remedies as are available at law or in equity. Upon any such declaration of acceleration, the Bondowner Representative shall fix a date for payment of the Bond.

The Bond is issuable only as a single fully registered Bond without coupons in a single instrument.

This Bond is transferable by the registered owner hereof, in person, or by its attorney duly authorized in writing, at the Principal Office of the Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of this Bond. Upon such transfer a new fully registered Bond will be issued to the transferee in exchange therefor. The Issuer and the Trustee may treat the registered owner hereof as the absolute owner hereof for all purposes, and the Issuer and the Trustee shall not be affected by any notice to the contrary. **TRANSFER OF THIS BOND IS SUBJECT TO RESTRICTIONS SET FORTH IN THE INDENTURE.**

The Indenture contains provisions permitting the Issuer, the Trustee and the Bondowner Representative to execute supplemental indentures adding provisions to, or changing or eliminating any of the provisions of, the Indenture, subject to the limitations set forth in the Indenture.

The Issuer hereby certifies that all of the conditions, things and acts required to exist, to have happened and to have been performed precedent to and in the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by the Constitution and statutes of the State of California (including the Act) and that the amount of this Bond, together with all other indebtedness of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of California.

This Bond shall not be entitled to any benefit under the Indenture, or become valid or obligatory for any purpose, until the certificate of authentication hereon endorsed shall have been manually signed by the Trustee.

IN WITNESS WHEREOF, the Issuer has caused this Bond to be executed and attested to on its behalf by the manual or facsimile signature of its duly authorized officers all as of the date hereof.

THE HOUSING AUTHORITY OF THE
COUNTY OF LOS ANGELES

By: _____
Chair of the Board of Commissioners

ATTEST:

Sachi A. Hamai
Executive Officer of the
Board of Commissioners

Deputy

FORM OF CERTIFICATE OF AUTHENTICATION

This is the Bond described in the within-mentioned Indenture and has been authenticated and registered on this date:

Date: _____

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By: _____
Authorized Officer

FORM OF ASSIGNMENT

For value received, the undersigned do(es) hereby sell, assign and transfer unto

(Name, Address and Tax Identification or Social Security Number of Assignee)
the within Bond and do(es) hereby irrevocably constitute and appoint

_____, attorney,
to transfer the same on the registration books of the Trustee, with full power of substitution in the
premises.

Dated _____

Signature Guaranteed:

NOTE: Signature(s) must be guaranteed by an
“eligible guarantor institution.”

NOTE: The signature on this assignment
must correspond with the name(s) as
written on the face of the within Bond in
every particular without alteration or
enlargement or any change whatsoever.

PRINCIPAL DRAW-DOWN SCHEDULE

The ownership of the unpaid principal balance of this Bond and the interest accruing thereon is registered on the books of the Trustee in the name of the registered Holder last noted below.

Date of Advance	Amount of Advance	Principal Balance Outstanding	Signature of Trustee
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____]

EXHIBIT B

FORM OF INVESTOR'S LETTER

[Date]

The Housing Authority of the County of Los Angeles
Monterey Park, California

U.S. Bank National Association
Los Angeles, California

Attention: Corporate Trust Department

Re: The Housing Authority of the County of Los Angeles Multifamily Housing
Revenue Bond (The Courtyard at La Brea Apartments), Series 2011B

Ladies and Gentlemen:

The undersigned (the "Investor") hereby represents and warrants to you as follows:

1. The Investor proposes to purchase the entire outstanding principal amount of the above-captioned bond (the "Bond") issued pursuant to that certain Indenture dated as of December 1, 2011 (the "Indenture"), by and among The Housing Authority of the County of Los Angeles (the "Issuer") and U.S. Bank National Association, as Trustee, and Union Bank, N.A., as the initial Bondowner Representative (the "Bondowner Representative"). The Investor understands that the Bond is not rated by any securities rating agency and are secured only by The Courtyard at La Brea Apartments Project and the revenues therefrom, and will only be sold to the Investor with the above-addressed parties relying upon the representations and warranties of the Investor set forth herein. The Investor acknowledges that no offering document has been prepared in connection with the issuance and sale of the Bond. The Investor has requested and received all materials which the Investor has deemed relevant in connection with its purchase of the Bond (the "Offering Information"). The Investor has reviewed the documents executed in conjunction with the issuance of the Bond, including, without limitation, the Indenture and the Loan Agreement. All capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Indenture.

2. The Investor hereby waives the requirement of any "due diligence investigation or inquiry" by the Issuer, by each official of the Issuer, by each employee of the Issuer, by each member of the governing board of the Issuer, and by counsel to the Issuer, the Trustee, counsel to the Trustee, the Bondowner Representative, counsel to the Bondowner Representative and Bond Counsel in connection with the authorization, execution and delivery of the Bonds and Investor's purchase of the Bond. The Investor recognizes and agrees that the Issuer, by each official of the Issuer, each employee of the Issuer, each member of the governing board of the Issuer, counsel to the Issuer, the Trustee, counsel to the Trustee, the Bondowner Representative, counsel to the Bondowner Representative and Bond Counsel have made no representations or statements (expressed or implied) with respect to the accuracy or completeness of any of the materials reviewed by the Investor in connection with the Investor's purchase of the Bond. In

making an investment decision, the Investor is relying upon its own examination of the Issuer, the Borrower, the Project and the terms of the offering.

3. The Investor has been provided an opportunity to ask questions of, and the Investor has received answers from, representatives of the Issuer and the Borrower regarding the terms and conditions of the Bond and the Investor has obtained all additional information requested by it in connection with the Bond.

4. The Investor has sufficient knowledge and experience in business and financial matters in general, and investments such as the Bond in particular, and is capable of evaluating the merits and risks involved in an investment in the Bond. The Investor is able to bear the economic risk of, and an entire loss of, an investment in the Bond.

5. The Investor is purchasing the Bond solely for its own account for investment purposes and has no present intention to resell or distribute the Bond, provided that the Investor reserves the right to transfer or dispose of the Bond, at any time, and from time to time, in its complete and sole discretion, subject, however, to the restrictions described in paragraphs 6 through 8 of this Letter. The Investor hereby agrees that the Bond may only be transferred in whole and in accordance with the Indenture, including Article II thereof, to a single investor, which must execute and deliver to the parties addressed above a form of this Investor's Letter.

6. The Investor agrees that it will only offer, sell, pledge, transfer or exchange the Bond (or any legal or beneficial interest therein) (i) in accordance with an available exemption from the registration requirements of Section 5 of the Securities Act of 1933, as amended (the "1933 Act"), (ii) in accordance with any applicable state securities laws, and (iii) in accordance with the transfer restrictions set forth in the Bond and the Indenture. The Investor acknowledges that written consent of the Issuer is required in order to transfer the Bond. The Investor further agrees that the Bond will not be transferred to or held in a pool, trust or similar arrangement and that it will not sell any participating interest in the Bond without the prior written consent of the Issuer.

7. The Investor is a "qualified institutional buyer" as defined in Rule 144A promulgated under the Securities Act of 1933 ("Rule 144A"); it understands that the Bond may be offered, resold, pledged or transferred only to a person who is a "qualified institutional buyer," as defined in Rule 144A, in compliance with Rule 144A.

8. If the Investor sells the Bond (or any legal or beneficial interest therein), the Investor or its agent will obtain for the benefit of each of you from any subsequent purchaser an Investor Letter in the form of this Letter or such other materials as are required by the Bond and the Indenture to effect such sale and purchase. The Investor understands and agrees that the Trustee is not authorized to register any transfer of the Bond prior to receipt of such Investor Letter and the written consent of the Issuer.

9. Neither the Bondowner Representative, the Trustee, Bond Counsel, counsel to the Issuer, the Issuer, its governing body, or any of its employees or agents will have any responsibility to the Investor for the accuracy or completeness of information obtained by the Purchaser from any source regarding the Project, the Issuer, the Borrower or their financial

conditions or regarding the Bond, the provisions for payment thereof, or the sufficiency of any security therefor, including, without limitation, any information specifically provided by any of such parties contained in the Offering Information. The Investor acknowledges that, as between Investor and all of such parties: (a) the Investor has assumed responsibility for obtaining such information and making such review as the Investor has deemed necessary or desirable in connection with its decision to purchase the Bond and (b) the Offering Information and any additional information specifically requested from the Issuer or the Borrower and provided to the Investor prior to closing constitute all the information and review, with the investigation made by Investor (including specifically the Investor's investigation of the Issuer, the Project and the Borrower) prior to its purchase of the Bond, that Investor has deemed necessary or desirable in connection with its decision to purchase the Bond.

10. The Investor understands that (a) the Bond has not been registered with any federal or state securities agency or commission, and (b) no credit rating has been sought or obtained with respect to the Bond, and the Investor acknowledges that the Bond is a speculative investment and that there is a high degree of risk in such investment.

11. The Investor acknowledges that the Bond is a limited obligation of the Issuer, payable solely from the revenues or other amounts provided by or at the direction of the Borrower, and is not an obligation payable from the general revenues or other funds of the Issuer, the County of Los Angeles, the State of California or any political subdivision of the State of California. The Investor acknowledges that the Issuer is issuing the Bond on a conduit, nonrecourse basis, and has no continuing obligations with respect thereto except as expressly set forth in the Indenture. The Investor acknowledges that the Issuer has no taxing power.

12. The Investor has the authority to purchase the Bond and to execute this letter and other documents and instruments required to be executed by the Investor in connection with its purchase of the Bond. The individual who is executing this letter on behalf of the undersigned is a duly appointed, qualified and acting officer of the Investor and authorized to cause the Investor to make the certifications, representations and warranties contained herein by the execution of this letter on behalf of the Investor.

13. The Investor acknowledges that no offering document has been produced in connection with the issuance or sale of the Bond.

14. The Investor agrees to indemnify and hold harmless the Issuer, the Issuer's officials, officers, directors, employees, agents, attorneys, accountants, advisors, consultants, servants and the members of the governing board of the Issuer past, present and future with respect to any claim asserted against any of them that is based upon the Investor's sale, transfer or other disposition of its interests in the Bond in violation of the provisions hereof or of the Indenture or any inaccuracy in any statement made by the Investor in this letter.

Capitalized terms used herein and not otherwise defined have the meanings given such terms in the Indenture.

[PURCHASER]

By: _____
Name: _____
Title: _____

EXHIBIT C
FORM OF REQUISITION

(Program Fund)

(Complete in Triplicate)

U.S. Bank National Association
633 W. 5th Street, 24th Floor
Los Angeles, CA 90071

Attention: Corporate Trust Department

Re: \$7,800,000 The Housing Authority of the County of Los Angeles Multifamily
Housing Revenue Bond (The Courtyard at La Brea Apartments), Series 2011B

Gentlemen:

Pursuant to Section 3.03 of the Indenture, you are requested to disburse funds from the Program Fund in the amount(s), to the person(s) and for the purpose(s) set forth in this Requisition. The terms used in this Requisition shall have the meanings given to those terms in the Indenture (the "Indenture") dated as of December 1, 2011, by and among The Housing Authority of the County of Los Angeles, California, U.S. Bank National Association, as Trustee, and Union Bank, N.A. as Bondowner Representative, securing the above-referenced Bond.

1. REQUISITION NO.: ____
2. PAYMENT DUE TO: _____
3. AMOUNT TO BE [DISBURSED] [TRANSFERRED]: \$_____
4. The amount requested to be disbursed pursuant to this Requisition will be used to pay costs of the Project detailed in Schedule I attached to this Requisition.
5. With respect to a disbursement from the Program Fund, the undersigned certifies that:

(i) the amounts included in 3 above were made or incurred or financed and were necessary for the Project and were made or incurred in accordance with the construction contracts, plans and specifications heretofore in effect;

(ii) the amount paid or to be paid, as set forth in this Requisition, represents a part of the funds due and payable for costs of the Project, such funds were not paid in advance of the time, if any, fixed for payment and such funds are due in accordance with the terms of any contracts applicable to the Project and in accordance with usual and customary practice under existing conditions;

(iii) the expenditures for which amounts are requisitioned represent proper charges against the Program Fund, have not been included in any previous requisition, have been properly recorded on the Borrower's books and are set forth in Schedule I, with paid invoices attached for any sums for which reimbursement is requested;

(iv) the moneys requisitioned are not greater than those necessary to meet obligations due and payable or to reimburse the Borrower for its funds actually advanced for costs of the Project and do not represent a reimbursement to the Borrower for working capital;

(v) the amount remaining to be disbursed from the Program Fund, together with expected investment income on the Program Fund, in addition to those funds identified in the Loan Agreement that remain available to the Borrower for the payment of costs of the Project, will, after payment of the amount requested by this Requisition, be sufficient to pay the costs of completing the Project substantially in accordance with the construction, or rehabilitation contracts, plans and specifications and building permits therefor, if any, currently in effect;

(vi) all of the funds being requisitioned are being used in compliance with all tax covenants set forth in the Indenture, the Loan Agreement and the Regulatory Agreement;

(vii) as to disbursements of proceeds of the Bonds, not less than 95% of the sum of:

(A) the amount of Bond proceeds requisitioned by this Requisition; plus

(B) all Bond proceeds previously requisitioned and disbursed from the Program Fund;

have been or will be applied by the Borrower to pay Qualified Project Costs as defined in the Loan Agreement;

(viii) the Borrower is not in default under the Loan Agreement, the Regulatory Agreement or the other Loan Documents and nothing has occurred to the knowledge of the Borrower that would prevent the performance of its obligations under the Loan Agreement, the Regulatory Agreement or the other Loan Documents; and

(ix) the Borrower is in compliance with all of the Borrower's covenants contained in the Loan Agreement and the Regulatory Agreement.

6. With respect to the disbursement from the Program Fund, attached to this Requisition is Schedule I.

Date of Requisition _____

THE COURTYARD AT LA BREA, L.P., a California
limited partnership, as Borrower

By: West Hollywood Community Housing Corporation,
a California nonprofit public benefit corporation,
its managing general partner

By: _____
Name
Title

APPROVED:

Union Bank, N.A.,
Bondowner Representative

By: _____
Name: _____
Its: _____

SCHEDULE I

4831-6190-7723, v. 1

CONSTRUCTION LOAN AGREEMENT
(MULTIFAMILY HOUSING BOND PROGRAM WITH TRUSTEE)

by and between

UNION BANK, N.A.,

as Bondowner Representative

and

HOUSING AUTHORITY OF THE COUNTY OF LOS ANGELES,

as Issuer

and

THE COURTYARD AT LA BREA, L.P.,
a California limited partnership,

as Borrower

Dated: December 1, 2011

Relating to

\$7,800,000

Housing Authority of the County of Los Angeles
Multifamily Housing Revenue Bond
(Courtyard at La Brea Apartments)
Series 2011B

TABLE OF CONTENTS

	<u>Page</u>
1. DEFINITIONS.....	1
1.1 Acceptable Unit Lease	1
1.2 Act.....	1
1.3 ADR	2
1.4 Advance	2
1.5 Aggregate Change Order Limit	2
1.6 Agreement.....	2
1.7 Agreement to Furnish Insurance.....	2
1.8 AHAP Contract.....	2
1.9 Allocation Committee	2
1.10 Appraisal	2
1.11 Appraised Value.....	2
1.12 Architect.....	2
1.13 Architect's Agreement	2
1.14 Assignment of AHAP Contract	2
1.15 Assignment of Architect's Agreement.....	2
1.16 Assignment of Construction Contract.....	3
1.17 Assignment of Partnership Interest (GP)	3
1.18 Assignment of Permanent Commitment.....	3
1.19 Assignment of Plans and Specifications	3
1.20 Assignment of Tax Credits and Partnership Interests.....	3
1.21 Bond Counsel.....	3
1.22 Bond Documents.....	3
1.23 Bond Interest Payment Date	3
1.24 Bond Regulatory Agreement	3
1.25 Bondowner Representative	3
1.26 Bonds	4
1.27 Bonded Work.....	4
1.28 Borrower	4
1.29 Borrower's Equity.....	4
1.30 Borrower's Funds.....	4
1.31 Borrower's Funds Account.....	4
1.32 Business Day.....	4
1.33 CDCLA	4
1.34 CDCLA Deed of Trust.....	4
1.35 CDCLA Documents.....	4
1.36 CDCLA Loan.....	4
1.37 CDCLA Loan Agreement	5
1.38 CDCLA Note	5
1.39 CDCLA Restrictions.....	5
1.40 CDCLA Subordination Agreement.....	5
1.41 Certification of Plans and Specifications.....	5
1.42 Change Order	5
1.43 City.....	5

1.44	City Deed of Trust	5
1.45	City Documents	5
1.46	City Loan	5
1.47	City Loan Agreement.....	5
1.48	City Note.....	5
1.49	City Restrictions.....	6
1.50	City Subordination Agreement	6
1.51	Closing Date.....	6
1.52	Code	6
1.53	Completion Date	6
1.54	Consent to Assignment (GP)	6
1.55	Construction Contract	6
1.56	Construction Costs	6
1.57	Contract Date	6
1.58	Contractor	6
1.59	Deed of Trust	6
1.60	Deed of Trust Assignment	6
1.61	Default Rate	6
1.62	Detailed Cost Breakdown	7
1.63	Disbursement Schedule.....	7
1.64	Draw Request.....	7
1.65	ECA.....	7
1.66	Event of Default.....	7
1.67	Extended Use Agreement	7
1.68	Final Reservation Letter.....	7
1.69	Financial Statements	7
1.70	Financing Statements	7
1.71	First Payment Date.....	7
1.72	Funding Date.....	7
1.73	General Partner	7
1.74	Governmental Authority	7
1.75	Governmental Requirement.....	8
1.76	Gross Operating Income	8
1.77	Guarantor	8
1.78	Guaranty.....	8
1.79	Improvements	8
1.80	Initial Disbursement.....	8
1.81	Indemnified Parties	8
1.82	Interest Change Date.....	8
1.83	Interest Period	8
1.84	Interest Reserve.....	8
1.85	Issuer	8
1.86	Late Charge.....	8
1.87	Leases.....	8
1.88	LIBOR Rate	9
1.89	Liquid Assets	9

1.90	Loan	9
1.91	Loan Documents	9
1.92	Loan Fee.....	9
1.93	Loan Party	9
1.94	London Banking Day	9
1.95	Margin.....	9
1.96	Maturity Date	9
1.97	Maximum Lawful Rate	9
1.98	Net Operating Income	9
1.99	Note.....	9
1.100	Offsite Materials	9
1.101	Onsite Materials	10
1.102	Operating Expenses	10
1.103	Operating Statement.....	10
1.104	Partnership Agreement.....	10
1.105	Permanent Closing.....	10
1.106	Permanent Commitment	10
1.107	Permanent Lender	10
1.108	Permitted Liens	11
1.109	Permanent Loan	11
1.110	Permanent Loan Documents	11
1.111	Person.....	11
1.112	Personal Property	11
1.113	Plans.....	11
1.114	Preliminary Reservation.....	11
1.115	Project Budget.....	11
1.116	Project Completion	11
1.117	Property or Project	11
1.118	Qualified Allocation Plan	11
1.119	R&T Code	11
1.120	Real Property	11
1.121	Recorded Documents	12
1.122	Regulatory Agreements	12
1.123	Rent Restrictions.....	12
1.124	Requisition	12
1.125	Security Agreement	12
1.126	Security Documents.....	12
1.127	Set Aside Letter.....	12
1.128	Single Change Order Limit.....	12
1.129	Surety	12
1.130	Subordination Agreements.....	12
1.131	Swap Contract.....	12
1.132	Tax Certificate	12
1.133	Tax Credit Allocation Documents	12
1.134	Tax Credit Application	13
1.135	Tax Credits.....	13

1.136	Tax Credit Investor	13
1.137	Title Insurer.....	13
1.138	Title Policy.....	13
1.139	Transfer	13
1.140	Trust Indenture.....	13
1.141	Trustee.....	13
1.142	Unit(s)	13
1.143	Variable Rate	13
2.	LOAN	13
2.1	Purpose.....	13
2.2	Loan Terms and Conditions.....	13
2.3	Loan Fee.....	14
2.4	Full Payment and Reconveyance	14
2.5	Servicing the Loan	14
2.6	Standard of Care	15
3.	PAYMENTS	15
3.1	General Obligation.....	15
3.2	Interest Rate and Payment Terms	15
3.3	Maturity Date	16
3.4	Application of Payments.....	16
3.5	Acceleration	16
3.6	Late Charge; Default Interest.....	16
3.7	Prepayment	17
3.8	Additional Fee Payment Obligations	19
4.	CONDITIONS PRECEDENT	19
4.1	Conditions to Closing of the Loan	19
4.2	Conditions to Issuance of the Bonds.....	21
5.	DISBURSEMENTS.....	22
5.1	Initial Disbursement.....	22
5.2	Subsequent Disbursements	24
5.3	Final Disbursement	26
5.4	Additional Conditions to Advances	27
5.5	Disbursement Limits	28
6.	REPRESENTATIONS AND WARRANTIES OF BORROWER.....	29
6.1	Formation/Authority	29
6.2	No Defaults Under Existing Agreements	29
6.3	No Actions	29
6.4	Other Liens.....	29
6.5	Leases.....	30
6.6	Financial Statements	30
6.7	Compliance With Laws.....	30
6.8	Permits, Approvals, Licenses.....	30

6.9	Ownership of Real Property.....	30
6.10	Ownership of Personal Property	30
6.11	Other Financing	30
6.12	Plans, Defects.....	31
6.13	Utilities.....	31
6.14	Roads.....	31
6.15	CC&Rs, Zoning, Property Located in Los Angeles County.....	31
6.16	Finder's Fees	31
6.17	Draw Request.....	31
6.18	Other Information	31
6.19	No Default.....	32
6.20	Tax Certificate	32
6.21	Regulatory Agreement.....	32
6.22	No Issuer Relationships	32
6.23	Authorizations and Consents	33
6.24	No Reliance.....	33
6.25	Environmental Matters.....	33
6.26	ERISA.....	33
6.27	Bond.....	34
6.28	Tax Credit Allocation Documents Effective.....	34
6.29	Satisfaction of Conditions under Tax Credit Allocation Documents	34
6.30	Permanent Commitment	34
6.31	Tax Credits Not Subject to State Ceiling.....	34
6.32	Satisfaction of Conditions under AHAP Contract.....	34
6.33	Satisfaction of Conditions under City Documents and CDCLA Documents	34
6.34	Additional Reports	34
6.35	Indenture Provisions	35
6.36	Additional Representations and Warranties.....	35
7.	BORROWER'S COVENANTS	35
7.1	Application of Advances.....	35
7.2	Borrower's Funds.....	35
7.3	Lien Priority	35
7.4	Construction Start and Completion.....	35
7.5	Change Orders	36
7.6	Detailed Cost Breakdown	37
7.7	Contractor Covenants.....	37
7.8	Construction Contract Only	37
7.9	Paid Vouchers	37
7.10	Application of Disbursements.....	37
7.11	Foundation Completion	37
7.12	Personal Property Installation	37
7.13	Defect Corrections	37
7.14	Stop Notices; Mechanic's Liens	38
7.15	Record Keeping, Financial and Other Information.....	38
7.16	Post-Construction Financial Reporting.....	39
7.17	Bondowner Representative's Audit and Inspection Rights	39

7.18	Dividends, Distributions	39
7.19	Payment of Lawful Claims	39
7.20	Payment of Costs	39
7.21	Payment of Issuer's Annual Fees.....	39
7.22	Approval of Easements and Other Documents	39
7.23	Compliance with Laws; Preservation of Rights.....	40
7.24	Notices	40
7.25	Indemnity	40
7.26	Performance of Acts	43
7.27	Notice of Change	43
7.28	Tax Certificate	43
7.29	Bond Documents.....	43
7.30	Regulatory Agreements	44
7.31	Prohibited Activities	44
7.32	Set Aside Letters	45
7.33	Management of Property.....	46
7.34	Leases.....	46
7.35	Compliance	47
7.36	Property Reserves	47
7.37	Intentionally Omitted	47
7.38	Rent Restrictions	47
7.39	Preservation of Tax Credits	47
7.40	Compliance with Permanent Commitment	47
7.41	Compliance with Regulatory Agreements, City Documents, CDCLA Documents and the Permanent Loan Documents	48
7.42	Payment of Development Fee	48
7.43	IRS Form 8609.....	48
7.44	Obtaining and Maintaining Real Property Tax Exemption	48
7.45	Election of Credit Period	48
7.46	Progress Reports and Annual Project Status Reports; Allocation Committee Notices.....	48
7.47	Compliance with the AHAP Contract.....	48
7.48	Draws under City Loan and CDCLA Loan and Disbursement of Borrower's Funds.....	48
7.49	Draw Requests	49
8.	EVENTS OF DEFAULT	49
9.	REMEDIES.....	51
10.	POWER OF ATTORNEY	52
11.	MISCELLANEOUS	53
11.1	Disclaimer	53
11.2	Notices	53
11.3	Waivers	53
11.4	Bondowner Representative's Expenses; Rights of Bondowner Representative.....	53

11.5	No Third Party	54
11.6	Time of Essence.....	54
11.7	Successors and Assigns.....	54
11.8	Participation or Syndication.....	54
11.9	Governing Jurisdiction.....	54
11.10	Entire Agreement	54
11.11	Joint and Several Liability	54
11.12	Publicity, Signs	55
11.13	Credit Information and Reports	55
11.14	Nonliability of Issuer	55
11.15	Headings	56
11.16	Delivery of Reports.....	56
11.17	Severability	56
11.18	Counterparts.....	56
11.19	USA Patriot Act	56
11.20	Exhibits	56
11.21	Waiver of Personal Liability	56
11.22	Americans with Disabilities Act	57



**CONSTRUCTION LOAN AGREEMENT
(Multifamily Housing Bond Program With Trustee)
(The Courtyard at La Brea, L.P.)**

THIS AGREEMENT is made as of the Contract Date by and between Borrower, Issuer and Bondowner Representative in connection with the following:

- A.** Borrower has requested that Issuer provide a construction loan to Borrower to finance the acquisition and construction of the Improvements on the Real Property.
- B.** Borrower owns or will own, concurrently with the first loan disbursement under this Agreement, the Real Property.
- C.** Borrower intends to construct an affordable housing apartment project on the Real Property.
- D.** Issuer has determined to issue the Bonds and the proceeds of the Bonds will be loaned to Borrower pursuant to this Agreement to provide funds to finance the costs of acquisition, construction and certain costs related to issuing the Bonds. The Bonds will be issued pursuant to the Trust Indenture.
- E.** Subject to the issuance of the Bonds and the terms and conditions of this Agreement, Issuer is willing to make the Loan to Borrower, and, in order to provide for the orderly making and administration of the Loan, Issuer has appointed Bondowner Representative as Issuer's loan servicer for such purposes.
- F.** Trustee shall disburse the proceeds of the Loan to Borrower in the Trustee's capacity as trustee for Issuer pursuant to the Trust Indenture. All of the rights, powers, elections, determinations, remedies, duties and functions of Issuer as lender hereunder shall be exercised and performed on behalf of Issuer by Bondowner Representative.

THEREFORE, the parties hereto agree as follows:

1. DEFINITIONS.

1.1 **Acceptable Unit Lease.** A lease agreement on a lease form approved by Bondowner Representative which is entered into by and between Borrower and the lessee of a Unit and the terms (including the amount of rent payments) of which comply with the provisions of all Regulatory Agreements, City Documents, CDCLA Documents and the Permanent Commitment.

1.2 **Act.** As defined in the Trust Indenture.

1.3 **ADR.** Bondowner Representative's standard form Alternative Dispute Resolution Agreement.

1.4 **Advance.** Each disbursement of proceeds of the Loan made pursuant to this Agreement.

1.5 **Aggregate Change Order Limit.** \$50,000.

1.6 **Agreement.** This Construction Loan Agreement (Multifamily Housing Bond Program With Trustee).

1.7 **Agreement to Furnish Insurance.** The Agreement to Furnish Insurance dated as of the Contract Date between Borrower and Bondowner Representative, as the same may from time to time be amended, modified or supplemented.

1.8 **AHAP Contract.** The Agreement to Enter Into Housing Assistance Payments Contract between Borrower and Housing Authority of the County of Los Angeles effective as of ___, 2011. [CHECK]

1.9 **Allocation Committee.** The California Tax Credit Allocation Committee and any successor governmental agency appointed to carry out the obligations of the Allocation Committee.

1.10 **Appraisal.** An appraisal or reappraisal of the Property (complying with Bondowner Representative's appraisal policy) performed or to be performed by a certified real estate appraiser engaged by Bondowner Representative.

1.11 **Appraised Value.** The market value of the Property as determined by Bondowner Representative in its business judgment, reasonably exercised, based upon an Appraisal.

1.12 **Architect.** Mutlow & Tighe, or such other architect as may be approved by Bondowner Representative.

1.13 **Architect's Agreement.** The agreement between Borrower and Architect relating to the construction of the Improvements.

1.14 **Assignment of AHAP Contract.** The Assignment of Agreement to Enter Into Housing Assistance Payments Contract dated as of the Contract Date on Bondowner Representative's form, executed by Borrower in favor of Bondowner Representative as additional collateral security for the performance of Borrower's obligations under the Loan Documents, assigning to Bondowner Representative all of Borrower's rights under the AHAP Contract together with that certain Consent to Assignment of AHAP Contract attached thereto and executed by Housing Authority of the County of Los Angeles.

1.15 **Assignment of Architect's Agreement.** The Assignment of Architect's Agreement dated as of the Contract Date between Borrower and Bondowner Representative, as the same may from time to time be amended, modified or supplemented.

1.16 **Assignment of Construction Contract.** The Assignment of Construction Contract dated as of the Contract Date between Borrower and Bondowner Representative, as the same may from time to time be amended, modified or supplemented.

1.17 **Assignment of Partnership Interest (GP).** An Assignment of Partnership Interest dated as of the Contract Date, on Bondowner Representative's form, executed by each General Partner in favor of Bondowner Representative as additional collateral security for the performance of the Borrower's obligations under the Loan, assigning to Bondowner Representative all of each such General Partner's rights as a general partner in Borrower.

1.18 **Assignment of Permanent Commitment.** An Assignment of Permanent Commitment of even date of the Agreement, on Bondowner Representative's form, executed by Borrower in favor of Bondowner Representative as additional collateral security for the performance of Borrower's obligations under the Agreement, assigning to Bondowner Representative all of Borrower's rights under the Permanent Commitment.

1.19 **Assignment of Plans and Specifications.** The Assignment of Architect's Agreement, Plans and Specifications dated as of the Contract Date between Borrower and Bondowner Representative, as the same may from time to time be amended, modified or supplemented.

1.20 **Assignment of Tax Credits and Partnership Interests.** An Assignment of Rights to Tax Credits and Partnership Interests dated as of the Contract Date, on Bondowner Representative's form, executed by Borrower in favor of Bondowner Representative as additional collateral security for the performance of Borrower's obligations under the Loan, assigning to Bondowner Representative all of Borrower's rights under the Tax Credit Allocation Documents including, without limitation, the right to receive the Tax Credits set forth under the Tax Credit Allocation Documents and any interest Borrower may have in any partnership interest of Tax Credit Investor in the Borrower.

1.21 **Bond Counsel.** As defined in the Trust Indenture.

1.22 **Bond Documents.** This Agreement, the Trust Indenture, the Bond Regulatory Agreement, the Deed of Trust, the Tax Certificate, the Financing Statements evidencing the pledge by Issuer to Trustee under the Trust Indenture, and all other documents, agreements and instruments executed and delivered in connection with the issuance, sale and/or remarketing of the Bonds, as each such document, agreement or instrument may be amended, modified, supplemented or restated from time to time.

1.23 **Bond Interest Payment Date.** The date on which principal and interest are payable on the Bonds pursuant to the Trust Indenture.

1.24 **Bond Regulatory Agreement.** As defined as the "Regulatory Agreement" in the Trust Indenture.

1.25 **Bondowner Representative.** Union Bank, N.A., in its capacity as holder of the Bonds, its successors and assigns and any subsequent holder of the Bonds.

1.26 **Bonds.** That certain multifamily housing private activity revenue bond to be issued by Issuer pursuant to the Trust Indenture in the initial aggregate principal amount of up to \$7,800,000 [CHECK].

1.27 **Bonded Work.** Offsite, common area, or other improvements required by a Governmental Authority or for which bonds may be required in connection with the development of the Real Property.

1.28 **Borrower.** The Courtyard at La Brea, L.P., a California limited partnership.

1.29 **Borrower's Equity.** As of any date of determination, Borrower's funds expended on Project costs in accordance with this Agreement, including Borrower's Funds and capital contributions made by the Tax Credit Investor, but excluding proceeds of the Loan, as determined by Bondowner Representative in its sole discretion.

1.30 **Borrower's Funds.** All funds of Borrower deposited into Borrower's Funds Account pursuant to the terms of this Agreement, to be disbursed in payment of Construction Costs as more particularly set forth in this Agreement.

1.31 **Borrower's Funds Account.** An account with Bondowner Representative into which Borrower's Funds shall be deposited as provided for in Section 7.2 or any other provision of this Agreement.

1.32 **Business Day.** (i) Except as otherwise provided in clause (ii) below, a day, which is not a Saturday or Sunday, on which banks in the State of California are open for business for the funding of corporate loans, or (ii) for use only in connection with the definition of "LIBOR Rate" set forth below, a day which is both a New York Banking Day and a London Banking Day

1.33 **CDCLA.** Community Development Commission of the County of Los Angeles, a public body, corporate and politic organized and existing under the laws of the State of California.

1.34 **CDCLA Deed of Trust.** The deed of trust executed by Borrower for the benefit of CDCLA, encumbering the Property and securing repayment of amounts owing under the CDCLA Note, the lien of which shall be subject and subordinate to the lien of the Deed of Trust.

1.35 **CDCLA Documents.** The CDCLA Note, CDCLA Deed of Trust, CDCLA Loan Agreement, the CDCLA Subordination Agreement, the CDCLA Restrictions and all other documents and instruments evidencing, securing or pertaining to the CDCLA Loan.

1.36 **CDCLA Loan.** The \$3,700,000 loan made by CDCLA to Borrower pursuant to the terms of the CDCLA Documents covering, among other things, construction costs of the Project.

1.37 **CDCLA Loan Agreement.** The loan agreement entered into by and between Borrower and CDCLA, pursuant to the terms of which CDCLA shall make to Borrower the CDCLA Loan.

1.38 **CDCLA Note.** The \$3,700,000 promissory note, made by Borrower to the order of CDCLA, evidencing all amounts disbursed and to be disbursed under the CDCLA Loan.

1.39 **CDCLA Restrictions.** That certain Regulatory Agreement executed by Borrower for the benefit of CDCLA in connection with CDCLA's making of the CDCLA Loan.

1.40 **CDCLA Subordination Agreement.** A Subordination Agreement in form and substance satisfactory to Bondowner Representative, executed by CDCLA and Bondowner Representative, pursuant to which CDCLA shall unconditionally subordinate the lien and effect of CDCLA Deed of Trust and the CDCLA Restrictions to the lien and effect of the Deed of Trust.

1.41 **Certification of Plans and Specifications.** The Certification of Plans and Specifications dated as of the Contract Date from Borrower and Contractor to Bondowner Representative, as the same may from time to time be amended, modified or supplemented.

1.42 **Change Order.** Any change or supplement to the Plans, Construction Contract or subcontract as permitted by this Agreement.

1.43 **City.** Community Development Commission of the City of West Hollywood, a public body, corporate and politic.

1.44 **City Deed of Trust.** The deed of trust executed by Borrower for the benefit of City, encumbering the Project and securing repayment of amounts owing under the City Note, the lien of which is to be subject and subordinate to the lien of the Deed of Trust.

1.45 **City Documents.** The City Restrictions, the City Loan Agreement, the City Note, the City Deed of Trust, the City Subordination Agreement and all other documents and instruments evidencing, securing or pertaining to the City Loan.

1.46 **City Loan.** The \$2,750,000 loan made by City to Borrower pursuant to the terms of the City Loan Agreement to cover, among other things, the acquisition of the Real Property and construction of the Improvements on the Real Property.

1.47 **City Loan Agreement.** The loan agreement entered into by and between Borrower and City, pursuant to the terms of which City shall make to Borrower the City Loan.

1.48 **City Note.** The \$2,750,000 promissory note, made by Borrower to the order of City, evidencing all amounts disbursed and to be disbursed under the City Loan.

1.49 **City Restrictions.** The regulatory agreement executed by Borrower for the benefit of City in connection with the City's making the City Loan.

1.50 **City Subordination Agreement.** A Subordination Agreement in form and substance satisfactory to Bondowner Representative, executed by City and Borrower, pursuant to which City shall unconditionally subordinate the lien and effect of the City Restrictions, City Loan Agreement, the City Deed of Trust and all of the City Documents to the lien and effect of the Deed of Trust.

1.51 **Closing Date.** The earlier of the date on which the Deed of Trust is recorded or the date the Title Company has issued the Title Policy.

1.52 **Code.** The Internal Revenue Code of 1986, as amended; including (a) any successor internal revenue law and (b) the applicable regulations promulgated thereunder whether final, temporary or proposed under the Code or such successor law.

1.53 **Completion Date.** The date of Project Completion, which date shall not be later than June 30, 2013.

1.54 **Consent to Assignment (GP).** A Consent to Assignment of Partnership Interest, on Bondowner Representative's form, executed by the Tax Credit Investor, consenting to General Partner's assignment to Bondowner Representative of its general partnership interest in the Borrower as additional collateral security for the performance of the Borrower's obligations under the Agreement.

1.55 **Construction Contract.** The agreement between Borrower and Contractor relating to the construction of the Improvements.

1.56 **Construction Costs.** All costs approved by Bondowner Representative relating to the construction of the Improvements or otherwise pertaining to the Property, as set forth in the Detailed Cost Breakdown.

1.57 **Contract Date.** December 1, 2011.

1.58 **Contractor.** Alpha Construction Co. Inc., or such other contractor as may be approved by Bondowner Representative, or Borrower acting in the capacity of general contractor.

1.59 **Deed of Trust.** The Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing (Construction Trust Deed – Multifamily Housing Bond Program With Trustee) dated as of the Contract Date from Borrower, as trustor, for the benefit of Bondowner Representative and Issuer, as beneficiaries, as their interests may appear, as the same may from time to time be amended, modified or supplemented.

1.60 **Deed of Trust Assignment.** The Assignment of Deed of Trust and Related Documents dated as of the Contract date by Issuer in favor of Trustee.

1.61 **Default Rate.** A rate equal to 5% more than the applicable Variable Rate.

1.62 **Detailed Cost Breakdown.** An itemized schedule on a component, unit and trade breakdown basis showing all costs and expenses required for the construction of the Improvements in accordance with the Plans, which has been submitted to and approved by Bondowner Representative.

1.63 **Disbursement Schedule.** The schedule or schedules for disbursement of the Advances and of Borrower's Funds, if any, set forth on Exhibit B, which may be amended from time to time by reallocations made in accordance with Section 5.5.

1.64 **Draw Request.** The Requisition, together with a certified invoice to be delivered by Borrower to Bondowner Representative as a condition to Issuer making an Advance, in such form and certified by such parties as required by Bondowner Representative, and such schedules, affidavits, releases, waivers, statements, invoices, bills, and other documents, certificates and information as may be required by Bondowner Representative.

1.65 **ECA.** The Environmental Compliance Agreement, dated as of the Contract Date between Borrower and Bondowner Representative, as the same may from time to time be amended, modified or supplemented.

1.66 **Event of Default.** As defined in Section 8.

1.67 **Extended Use Agreement.** An "extended low-income housing commitment" as defined in Section 42(h)(6)(B) of the Code.

1.68 **Final Reservation Letter.** That certain Final Reservation Letter to be issued by the Allocation Committee relating to the allocation of the Tax Credits.

1.69 **Financial Statements.** Balance sheets, income statements, statements of retained earnings with supporting schedules and such other financial reports as Bondowner Representative may require, in form and content acceptable to Bondowner Representative.

1.70 **Financing Statements.** All UCC financing statements required in connection with the Loan.

1.71 **First Payment Date.** January 1, 2012. **[CHECK]**

1.72 **Funding Date.** The date on which the Initial Disbursement is made.

1.73 **General Partner.** West Hollywood Community Housing Corporation, a California nonprofit public benefit corporation.

1.74 **Governmental Authority.** Any federal, state or local governmental or quasi-governmental agency, authority, board, bureau, commission, department, instrumentality or public body, court, administrative tribunal or public or private utility having authority over the Property or its utilization.

1.75 **Governmental Requirement.** Any law, statute, order, ordinance, rule, regulation, permit or act of a Governmental Authority.

1.76 **Gross Operating Income.** The sum of any and all payments, fees, rentals, additional rentals, expense reimbursements (including, without limitation, all reimbursements by tenants, subtenants, licensees and other users of the Property), income, interest, and other monies received directly or indirectly by or on behalf of Borrower from any Person with respect to Borrower's ownership, use, development or operation of the Property for the ninety (90) days preceding the date of determination, including, without limitation, any leasing or licensing of the Property. Gross Operating Income shall be computed on a cash basis and shall include for each monthly statement all amounts actually received in such month whether or not such amounts are attributable to a charge arising in such month.

1.77 **Guarantor.** Any Person who executes a Guaranty in connection with the Loan.

1.78 **Guaranty.** Bondowner Representative's standard form Loan and Completion Guaranty, Loan Guaranty, Completion Guaranty or Interest and Maintenance Guaranty, as the case may be.

1.79 **Improvements.** A 32-unit housing low income apartment project and related improvements.

1.80 **Initial Disbursement.** The initial Advance made by Issuer to Borrower pursuant to this Agreement.

1.81 **Indemnified Parties.** Collectively Issuer, Trustee and Bondowner Representative and each of their respective officers, directors, officials, employees, agents, attorneys, accountants, advisors, consultants, servants and governing board members, past, present or future (and as to the Issuer, its governing body and the members thereof).

1.82 **Interest Change Date.** The First Payment Date and the first day of each calendar month thereafter.

1.83 **Interest Period.** The period of time from one Interest Change Date to (but excluding) the next Interest Change Date or the Maturity Date, as the case may be.

1.84 **Interest Reserve.** The portion of the Project Budget allocated for the payment of interest due under this Agreement.

1.85 **Issuer.** Housing Authority of the County of Los Angeles, a public body, corporate and politic organized and existing under the laws of the State of California.

1.86 **Late Charge.** An amount equal to 6% of any delinquent payment of amounts due from Borrower under the Loan Documents.

1.87 **Leases.** All leases of any portion of the Property and all amendments, guaranties and subleases relating thereto.

1.88 **LIBOR Rate.** As of any given date, a per annum rate of interest equal to the rate for U.S. Dollar deposits for a period of one month or, for the Stub Period, for a period equal to the number of days in the Stub Period which appears on the Reuters Screen LIBOR01 Page as of 11:00 a.m., London time, on the day that is two Business Days preceding such date. Should the LIBOR Rate cease to be available for any reason, then said rate shall be replaced by a rate which, in the sole discretion of Bondowner Representative, most closely approximates the unavailable LIBOR Rate.

1.89 **Liquid Assets.** Immediately available cash, bank deposits, accounts and mutual funds; obligations of or guaranteed by the U.S. government or an agency thereof; and stocks, bonds and other debt instruments regularly traded on the New York, American or NASDAQ stock exchange which can be readily converted into cash.

1.90 **Loan.** The loan in the maximum principal amount of \$7,800,000 [**CHECK**] made to Borrower pursuant to this Agreement.

1.91 **Loan Documents.** This Agreement, the Note, the Deed of Trust, the Guaranty, the ECA, the Security Documents, the ADR, the Financing Statements, the Agreement to Furnish Insurance and all other agreements, instruments and documents (together with amendments, supplements and replacements thereto) now or hereafter executed and delivered to Bondowner Representative in connection with the Loan.

1.92 **Loan Fee.** \$58,500. [**CHECK**]

1.93 **Loan Party.** Any general partner, managing member, joint venturer, trustee or trustor of Borrower, as applicable and any Guarantor.

1.94 **London Banking Day.** “London Banking Day” means a day on which dealings in U.S. Dollar deposits in London, England, may be carried on by Bondowner Representative.

1.95 **Margin.** 2.25%.

1.96 **Maturity Date.** December 1, 2013. [**CHECK**]

1.97 **Maximum Lawful Rate.** The “Maximum Rate”, as such term is defined in the Trust Indenture.

1.98 **Net Operating Income.** Gross Operating Income less Operating Expenses.

1.99 **Note.** The Promissory Note (Multifamily Housing Bond Program With Trustee) dated as of the Contract Date from Borrower, as maker, in the original principal amount of the Loan.

1.100 **Offsite Materials.** Materials to be incorporated into the Improvements or used in connection with the construction of the Improvements that are stored at a location other than the Real Property.

1.101 **Onsite Materials.** Materials to be incorporated into the Improvements or used in connection with the construction of the Improvements that are stored on the Real Property.

1.102 **Operating Expenses.** The following expenses to the extent that such expenses are reasonable in amount and customary for properties of a type similar to the Property, as determined by Bondowner Representative in its sole discretion: (A) real property taxes and assessments imposed upon the Property, (B) premiums for insurance of the Property, including casualty and liability insurance, (C) reserves for capital expenditures, leasing commissions and tenant improvements, as determined by Bondowner Representative in its business judgment, reasonably exercised, and (D) the greater of (i) operating expenses actually incurred by Borrower in connection with the management, operation, cleaning, leasing, maintenance and repair of the Property or any part thereof for the ninety (90) days preceding the date of determination, and (ii) the operating expenses set forth in the Appraisal. Operating Expenses shall be calculated on an accrual basis and shall not include any interest or principal payments due in respect of the Loan or any allowance for depreciation and similar noncash charges.

1.103 **Operating Statement.** A monthly, quarterly or annual statement that shows in detail the amounts and sources of Gross Operating Income, the amounts and nature of Operating Expenses, and Net Operating Income, in each case for the preceding calendar month, quarter or year. The Operating Statement shall be prepared in accordance with accounting practices and principles acceptable to Bondowner Representative and consistently applied and in a form satisfactory to Bondowner Representative.

1.104 **Partnership Agreement.** Borrower's agreement of limited partnership, as the same may be amended from time to time.

1.105 **Permanent Closing.** The satisfaction of the Note and Deed of Trust, in whole or in part, in connection with the consummation of a loan or loans to the Borrower or others contemplated by the Permanent Commitment, including the execution and delivery of a new note or notes and a trust deed or trust deeds satisfactory to the Permanent Lender, with Bondowner Representative to receive, in immediately available federal funds, all or that portion of the principal amount of the Note to be received pursuant to the Permanent Commitment.

1.106 **Permanent Commitment.** The commitment of a lender acceptable to Bondowner Representative in its sole discretion, to provide financing to Borrower or others upon completion of construction of the Improvements in the amount of \$3,100,000, on such terms and conditions as are acceptable to Bondowner Representative, which financing constitutes to Bondowner Representative a material source of repayment of the Loan.

1.107 **Permanent Lender.** City of West Hollywood, a California municipal corporation, or any substitute lender acceptable to Bondowner Representative in its sole discretion.

1.108 **Permitted Liens.** Any easements and restrictions listed in a schedule of exceptions to coverage in the Title Policy as required by the Loan Documents.

1.109 **Permanent Loan.** The \$3,100,000 loan made from by the Permanent Lender to Borrower pursuant to the terms of the Permanent Commitment.

1.110 **Permanent Loan Documents.** The loan agreement, note, deed of trust, regulatory agreement and all other documents and instruments evidencing, securing or pertaining to the Permanent Loan.

1.111 **Person.** Any natural person or entity, including any corporation, partnership, joint venture, limited liability company, trust, trustee, unincorporated organization or Governmental Authority.

1.112 **Personal Property.** Any tangible or intangible personal property described in the Deed of Trust or Security Documents that is security for the Loan.

1.113 **Plans.** The final plans and specifications for the construction of the Improvements (including any applicable general conditions) prepared by the Architect and approved by Bondowner Representative as required herein, and all amendments and modifications thereof made pursuant to Change Orders.

1.114 **Preliminary Reservation.** That certain Tax Exempt Reservation Letter dated October 19, 2011, issued by the Allocation Committee.

1.115 **Project Budget.** The cost itemization (set forth in Exhibit B-1 hereto) of the total amount needed by Borrower to construct the Improvements and to perform Borrower's other obligations under the Loan Documents, which itemization may be amended from time to time in accordance with this Agreement.

1.116 **Project Completion.** The date of completion of the construction of the Project and issuance of all licenses and permits necessary for the occupancy and use of the Units such that the Project shall be considered "placed in service" for purposes of the provisions of Section 42 of the Code, which date of completion shall not be later than the Completion Date.

1.117 **Property or Project.** The Real Property, the Improvements and the Personal Property.

1.118 **Qualified Allocation Plan.** The Qualified Allocation Plan adopted by the Allocation Committee from time to time in accordance with the provisions of Section 42(m) of the Code.

1.119 **R&T Code.** The California Revenue and Taxation Code, as amended from time to time thereto. Any reference to a particular provision of the R&T Code shall include any amendment of such provision.

1.120 **Real Property.** That certain real property described in Exhibit A hereto.

1.121 **Recorded Documents.** The Regulatory Agreements, the Deed of Trust, the Deed of Trust Assignment, the Subordination Agreements, City Deed of Trust and CDCLA Deed of Trust.

1.122 **Regulatory Agreements.** All regulatory agreements and restrictions (including, without limitation, the Bond Regulatory Agreement, the Extended Use Agreement, the City Restrictions and the CDCLA Restrictions) now or hereafter encumbering the Property setting forth restrictions with respect to the leasing, maintenance and use of the Units.

1.123 **Rent Restrictions.** The occupancy and rent restrictions provided in the Regulatory Agreements.

1.124 **Requisition.** The written requisition in the form attached as Exhibit “C” to the Trust Indenture and submitted by the Borrower and approved by the Issuer and the Bondowner Representative in accordance with Section 3.03 of the Trust Indenture.

1.125 **Security Agreement.** That certain Security Agreement of even date herewith executed by Borrower for the benefit of Bondowner Representative.

1.126 **Security Documents.** Any agreements granting a security interest in collateral securing the Loan other than the Deed of Trust, including without limitation, Bondowner Representative’s standard form assignments and consents to assignments of the Architect’s Agreement, if any, Construction Contract, Plans, if any, any property management agreement or asset management agreement, the Security Agreement, the Assignment of Tax Credits and Partnership Interests, the Assignment of Partnership Interest (GP), the Assignment of AHAP Contract and the Assignment of Permanent Commitment.

1.127 **Set Aside Letter.** Any letter or letters to any Governmental Authority or Surety whereby Bondowner Representative agrees to allocate proceeds of the Loan for construction of Bonded Work.

1.128 **Single Change Order Limit.** \$25,000.

1.129 **Surety.** The bonding company that issues the bonds covering the Bonded Work.

1.130 **Subordination Agreements.** The City Subordination Agreement and the CDCLA Subordination Agreement.

1.131 **Swap Contract.** Any interest rate swap or similar agreement heretofore or hereafter entered into between Borrower and Union Bank, N.A. relating to the Loan.

1.132 **Tax Certificate.** The “Tax Certificate” as defined in the Bond Regulatory Agreement.

1.133 **Tax Credit Allocation Documents.** The Tax Credit Application, the Preliminary Reservation, the Final Reservation, IRS Form 8609 to be hereafter executed by

the Allocation Committee and all other documents heretofore and hereafter submitted to, and received by the Borrower from, the Allocation Committee, and all amendments, extensions and modifications thereto.

1.134 **Tax Credit Application.** The 2011 Low-Income Housing Tax Credit Application submitted to the Allocation Committee to apply for Tax Credits with respect to the Project.

1.135 **Tax Credits.** Low income housing tax credits to be allocated under Section 42 of the Code pursuant to the terms of the Tax Credit Allocation Documents.

1.136 **Tax Credit Investor.** Union Bank, N.A. and its permitted successors and assigns.

1.137 **Title Insurer.** Lawyers Title Company.

1.138 **Title Policy.** An ALTA LP-10 Policy of Title Insurance or its equivalent acceptable to Bondowner Representative, naming Trustee and Bondowner Representative, as their interests may appear, as insureds, with a liability limit of not less than the amount of the Loan, issued by Title Insurer, insuring that the Deed of Trust constitutes a valid first lien on the Real Property and Improvements, with only such exceptions from its coverage as shall have been approved in writing by Bondowner Representative, with such reinsurance or coinsurance agreements or endorsements to such policy as Bondowner Representative may require.

1.139 **Transfer.** Any sale, lease or other transfer of any interest to any other Person.

1.140 **Trust Indenture.** The Indenture dated as of the Contract Date by and among the Issuer, Trustee and Bondowner Representative.

1.141 **Trustee.** U.S. Bank National Association.

1.142 **Unit(s).** The thirty-two (32) apartment units constituting the Improvements.

1.143 **Variable Rate.** A rate of Interest which bears interest with reference to a LIBOR Rate pursuant to Section 3.2.1.

2. LOAN.

2.1 **Purpose.** The purpose of the Loan is to finance the construction of the Improvements and other costs related thereto for the Project.

2.2 **Loan Terms and Conditions.** Subject to the terms and conditions contained in this Agreement, as may be modified by the provisions of Exhibit C, Issuer agrees to make the Loan to Borrower. The repayment of all amounts due in connection with the Loan shall be secured by, among other things, the Deed of Trust, the Security Documents and such other collateral as may be required by Bondowner Representative. Interest shall accrue and principal and interest shall be payable in accordance with the terms of this Agreement.

2.3 Loan Fee. Borrower shall pay the Loan Fee to Bondowner Representative in immediately available funds on or before the Closing Date. The Loan Fee shall be nonrefundable.

2.4 Full Payment and Reconveyance. Upon Bondowner Representative's receipt of all sums owing and outstanding under the Loan Documents and under any other note or notes or any other obligation secured by the Deed of Trust, Bondowner Representative, and if required by the Title Insurer and/or the trustee under the Deed of Trust, the Issuer shall cause a full reconveyance of the Property and Improvements from the lien of the Deed of Trust to be issued; provided, however, that all of the following conditions shall be satisfied at the time of, and with respect to, such reconveyance: (a) Bondowner Representative shall have received all escrow, closing and recording costs, the costs of preparing and delivering such reconveyance and any sums then due and payable under the Loan Documents and the Bond Documents; and (b) Bondowner Representative shall have received a written release satisfactory to Bondowner Representative of any Set Aside Letter, letter of credit or other form of undertaking that Bondowner Representative has issued to any Surety, Governmental Authority or any other party in connection with the Loan and/or the Property. As of the date of repayment in full of the Loan, Issuer's obligation to make further disbursements under the Loan shall terminate as to any portion of the Loan undisbursed, and any commitment of Issuer to lend any undisbursed portion of the Loan shall be cancelled.

2.5 Servicing the Loan.

2.5.1 Bondowner Representative is hereby appointed servicer of the Loan. Bondowner Representative shall have full power and authority, acting alone, to exercise all rights, powers, elections, determinations, remedies, duties and functions of the lender of the Loan and do any and all things in connection with such servicing and administration of the Loan that it may deem necessary or desirable, including, without limitation, the following:

(a) Approving advances on the Loan directly to or for the account of the Borrower, pursuant to this Agreement and other Loan Documents, in accordance with law and, subject to the terms of the Loan Documents, the Bondowner Representative's usual practices and procedures in administering similar projects and mortgage loans. The Issuer shall have such rights to approve disbursements from the Project Fund as more particularly set forth in Section 3.03(b) of the Trust Indenture.

(b) Being named as the co-beneficiary of the Deed of Trust and all of the other Security Documents and, as provided in Section 7.02 of the Trust Indenture, shall have the sole and exclusive rights to exercise all rights and remedies thereunder upon the occurrence of an Event of Default.

(c) Recording and filing of documents and statements to create, preserve and release the lien of the Deed of Trust and other Security Documents on the Project and the site on which it is located, site inspections, obtaining title updates and endorsements, processing change orders, and maintaining required insurance and escrow funds.

(d) The collection, holding and disbursement of payments in accordance with the requirements of the Loan Documents and any applicable laws, other than the payments of principal and interest due under the Loan, including, without limitation, all payments for taxes, assessments, hazard insurance premiums, service charges and late payment fees, all proceeds of title and hazard insurance policies, letters of credit, and all condemnation awards.

(e) The preservation, administration and enforcement of the Loan and the Loan Documents, and in this connection Bondowner Representative may do, or refrain from doing, all acts which are permitted under the terms of the Loan or the Loan Documents and which in its reasonable judgment may be appropriate.

(f) The preservation and administration of all escrow funds required by any of the Loan Documents in accordance with the requirements of the Loan Documents.

2.6 **Standard of Care.** In servicing and administering the Loan, Bondowner Representative shall act in the best interests of the holders and of the Bonds and Bondowner Representative shall not be liable to Issuer or Borrower in servicing and administering the Loan.

3. PAYMENTS.

3.1 **General Obligation.** To induce Issuer to issue the Bond in connection with the Loan, Borrower shall pay to Issuer all amounts, including principal, interest and premium (if any) that become due and payable on the Bond, as and when such amounts become due and payable under the Bond. Without limitation on the foregoing, Borrower shall also pay to Issuer when due all other amounts described in this Agreement, as and when due and payable under this Agreement.

3.2 Interest Rate and Payment Terms.

3.2.1 **Interest Rate.** At all times from and after the Funding Date to the Maturity Date, the outstanding principal balance of the Loan shall accrue interest at a rate equal to the LIBOR Rate plus the Margin for the then current Interest Period. The Variable Rate for the next Interest Period shall change on each Interest Change Date based on changes in the LIBOR Rate. There is no limit on the amount the Variable Rate may increase or decrease during the term of this Loan; provided, however, that in no event shall the Variable Rate exceed the Maximum Lawful Rate.

3.2.2 **Interest Payments.** Borrower shall pay interest on the first day of each month commencing the month following the Funding Date. Should interest not be paid when due, it shall become part of the principal and bear interest as herein provided. All computations of interest shall be made on the basis of a year of 360 days, for actual days elapsed.

3.2.3 **Default Rate.** At all times after the occurrence and during the continuance of an Event of Default, all principal outstanding under each Note shall accrue interest at the Default Rate.

3.2.4 Interest Rate Generally. At no time shall this Agreement, the Note or any of the Loan Documents be amended to alter or modify the interest rate provided for in this Agreement without the prior written consent of Bondowner Representative.

3.3 Maturity Date. All unpaid principal and interest on the Loan and other amounts due under the Loan Documents and the Bond Documents shall be due and payable in full on the Maturity Date, as such date may be extended or accelerated.

3.4 Application of Payments. All payments and prepayments received by Issuer or Bondowner Representative pursuant to the terms hereof shall be applied in the following manner: first, to the payment of any Late Charge then due; second to the payment of all expenses, charges, costs and fees (including, but not limited to, the prepayment fee specified in Section 3.7) incurred by or payable to Bondowner Representative by Borrower pursuant to the terms of the Loan Documents (in such order and manner as Bondowner Representative, in its sole discretion, may elect); third to the payment of all interest accrued to the date of such payment on the Note; and fourth, to the payment of principal on the Note. Notwithstanding anything to the contrary contained herein, after the occurrence and during the continuation of an Event of Default, all amounts received by Issuer or Bondowner Representative from any party shall be applied in such order as Bondowner Representative in its sole discretion, may elect.

3.5 Acceleration. If any of the payments required by the terms hereof shall not be paid when due and such failure shall continue beyond any applicable notice and cure periods, or if the payment due on the Maturity Date is not paid when due, whether by acceleration or otherwise, or if an Event of Default occurs, then, or at any time thereafter, the whole of the unpaid principal and interest owing on the Loan shall, at the option of Bondowner Representative and without notice, become immediately due and payable. This acceleration option may be exercised at any time after any such event and the acceptance of one or more installments or other payments from any Person thereafter shall not constitute a waiver of Bondowner Representative's acceleration option. Bondowner Representative's failure to exercise such acceleration option in connection with any particular event or series of events shall not be construed as a waiver of the provisions hereof as regards such events or any subsequent events. The other Loan Documents may contain provisions that provide for the automatic acceleration of amounts owing in connection with the Loan upon the occurrence of certain specified events. Issuer and Bondowner Representative shall have, and be entitled to exercise, upon the occurrence of any Event of Default or other event described above, all rights and remedies available to Bondowner Representative or Issuer hereunder, under the other Loan Documents or Bond Documents or at law or in equity. All such rights and remedies shall be cumulative.

3.6 Late Charge; Default Interest. Borrower recognizes that any default by Borrower in making the payments required under the Loan Documents when due will result in Issuer incurring additional expense in servicing the Loan, in loss of the use of the money due and in frustration of meeting commitments under the Bond Documents. Borrower agrees that, if for any reason Borrower fails to pay when due any payment due under this Agreement or under any of the other Loan Documents, any amount advanced under the Deed of Trust or the amount due on the Maturity Date, or the accelerated Maturity Date, whichever shall first

occur, Issuer shall be entitled to damages for the detriment caused thereby, but that it is extremely difficult and impractical to ascertain the extent of such damages. Borrower therefore agrees that a reasonable estimate of such damages to Issuer is as follows:

3.6.1 In the event Borrower fails to pay any installment of interest (other than payment on the Maturity Date) within ten days after the same is due, then Borrower shall pay to Issuer a Late Charge.

3.6.2 In the event Borrower fails to reimburse Issuer for any amount advanced under the Deed of Trust within ten (10) days after written notice of such advance is made by Issuer to Borrower, then such unreimbursed amount shall thereafter bear interest at the Default Rate until paid, such interest to be compounded annually.

3.6.3 In the event the payment of principal and accrued but unpaid interest due on the Maturity Date, or the accelerated Maturity Date, as applicable, is not made in full when due, then such amounts shall thereafter bear interest at the Default Rate, until paid, such interest to be compounded annually.

3.7 **Prepayment.** The Loan may be prepaid by Borrower when and to the extent that the Bonds are susceptible to prepayment under the Bond Documents, provided that Borrower shall in no event voluntarily or involuntarily prepay the Loan in whole or in part unless Borrower pays to Issuer, concurrently with such prepayment, a prepayment fee as calculated below.

3.7.1 **Calculation of Prepayment Fee.** Any prepayment of principal of the Note prior to the scheduled payment date, whether voluntary or involuntary, shall be accompanied by Borrower's payment of a prepayment fee to Issuer equal to the present value of the product of: (i) the difference (but not less than zero) between (a) the Variable Rate applicable to the principal which is being prepaid, and (b) the return which Bondowner Representative could obtain if it used the amount of such prepayment of principal to purchase at bid price regularly quoted securities issued by the United States having a maturity date most closely coinciding with the expiration of the applicable Interest Period and such securities were held by Bondowner Representative until the expiration of the Interest Period ("Yield Rate"); (ii) a fraction, the numerator of which is the number of days in the period between the date of prepayment and expiration of the Interest Period and the denominator of which is 360, and (iii) the amount of the principal so prepaid. Present value is determined by discounting the above product to present value using the Yield Rate as the annual discount factor.

3.7.2 **No Prepayment Fee Due.** Notwithstanding Section 3.7.1 above, no prepayment fee shall be payable in connection with the prepayment during the ninety (90) day period immediately preceding the Maturity Date.

3.7.3 **No Refund.** In no event shall Bondowner Representative or Issuer be obligated to make any payment or refund to Borrower, nor shall Borrower be entitled to any setoff or other claim against Bondowner Representative or Issuer, should the return which Bondowner Representative could obtain under the prepayment formula exceed the interest that Bondowner Representative would have received if no prepayment had occurred.

3.7.4 **Payment of Accrued Interest.** All prepayments made pursuant to this Section 3.7 shall include payment of accrued interest on the principal amount so prepaid, shall be applied to payment of interest before application to principal, and shall be applied to the most remote principal installment or installments then unpaid (i.e., the principal balance due on the Maturity Date and then against installments due closest to the Maturity Date).

3.7.5 **Involuntary Prepayment.** Such prepayment fee shall also be payable if prepayment occurs as the result of any involuntary prepayment (e.g. proceeds of insurance or condemnation), other than payments pursuant to Section 3.7.2 above, or the acceleration of the principal hereof by Bondowner Representative because of any default by Borrower (including any transfer or conveyance of any right, title or interest in the real property encumbered by the Deed of Trust) that gives Bondowner Representative the right to accelerate the maturity of the Loan pursuant to the terms of the Deed of Trust. If, following any such acceleration, all or any portion of the unpaid principal is satisfied, whether through sale of the property encumbered by the Deed of Trust or other agreement securing the Loan at a foreclosure held thereunder or through the tender of payment at any time following such acceleration, but prior to such a foreclosure sale, then such satisfaction of principal shall be deemed an evasion of the prepayment provisions hereof, and Bondowner Representative shall, automatically and without notice or demand, be entitled to receive, concurrently with such satisfaction of principal the prepayment fee set forth above, and the obligation to pay such prepayment fee shall be added to the principal hereof.

BORROWER HEREBY ACKNOWLEDGES AND AGREES THAT BONDOWNER REPRESENTATIVE AND ISSUER WOULD NOT LEND TO BORROWER THE LOAN EVIDENCED BY THE NOTE WITHOUT BORROWER'S AGREEMENT TO PAY BONDOWNER REPRESENTATIVE AND ISSUER A PREPAYMENT FEE AS SET FORTH ABOVE. BORROWER EXPRESSLY WAIVES ANY RIGHT UNDER CALIFORNIA CIVIL CODE SECTION 2954.10 OR OTHERWISE TO PREPAY THE LOAN WITHOUT A PREPAYMENT FEE AS HEREINABOVE SET FORTH. BORROWER ACKNOWLEDGES THAT PREPAYMENT OF THE LOAN MAY RESULT IN BONDOWNER REPRESENTATIVE OR ISSUER INCURRING ADDITIONAL COSTS, EXPENSES OR LIABILITIES. BORROWER THEREFORE AGREES THAT THE PREPAYMENT FEE HEREIN PROVIDED FOR REPRESENTS A REASONABLE ESTIMATE OF THE PREPAYMENT COSTS, EXPENSES OR LIABILITIES BONDOWNER REPRESENTATIVE AND ISSUER MAY INCUR ON A PREPAYMENT. BORROWER AGREES THAT BONDOWNER REPRESENTATIVE'S AND ISSUER'S WILLINGNESS TO OFFER THE FIXED INTEREST RATE DESCRIBED ABOVE TO BORROWER IS SUFFICIENT AND INDEPENDENT CONSIDERATION, GIVEN INDIVIDUAL WEIGHT BY BONDOWNER REPRESENTATIVE AND ISSUER FOR THIS WAIVER. BORROWER UNDERSTANDS THAT BONDOWNER REPRESENTATIVE AND ISSUER WOULD NOT OFFER SUCH AN INTEREST RATE TO BORROWER ABSENT THIS WAIVER. BORROWER HAS CAUSED THOSE PERSONS SIGNING THIS AGREEMENT ON ITS BEHALF TO SEPARATELY INITIAL THIS PARAGRAPH BY PLACING THEIR INITIALS BELOW:

BORROWER INITIALS HERE: _____

3.7.6 Certification. A certificate as to the amount of any prepayment fee payable under this Section, setting forth the basis for such fee, prepared by Bondowner Representative and submitted to Borrower shall be conclusive as to the matters set forth therein, and the Loan shall not be deemed to have been fully paid or satisfied until such fee shall have been paid.

3.8 Additional Fee Payment Obligations.

3.8.1 Trustee's Fees. Borrower hereby agrees to pay the fees and expenses of the Trustee for its services as Trustee as provided in Section 8.06 of the Trust Indenture.

3.8.2 Taxes, Insurance, Escrows and Reserves. All payments to fund taxes, insurance or any other escrow or reserve required to be established, funded or created pursuant to any Loan Document or Bond Document, shall be due and payable by Borrower to Bondowner Representative the date monthly payments are due pursuant to Section 3.1 commencing in the month following the month in which the payment obligation occurs in accordance with the applicable Loan Document or Bond Document.

3.8.3 Other Fees and Expenses. Borrower hereby agrees to pay the fees, charges, costs, advances, indemnities and expenses, including agent and counsel fees of the Trustee and the Issuer (above and beyond the Trustee's Fee as defined in the Trust Indenture, or the Issuer's Ongoing Fee, as defined in the Trust Indenture) incurred under the Trust Indenture, as and when the same becomes due. Borrower hereby agrees to pay the fees, charges, costs, advances, indemnities and expenses, including agent and counsel fees (other than Issuance Costs, as defined in the Trust Indenture, paid on the Closing Date) of the Issuer incurred by the Issuer at any time in connection with the Bonds or the Project.

4. CONDITIONS PRECEDENT.

4.1 Conditions to Closing of the Loan. Prior to the Closing Date, Bondowner Representative shall have received all of the following documents, instruments and other items (each of which, in the case of documents or instruments, shall be fully and properly executed and, where required by Bondowner Representative, acknowledged by all parties thereto), each in form and content acceptable to Bondowner Representative:

4.1.1 The original Loan Documents.

4.1.2 Copies of organizational documents of Borrower and all Loan Parties, duly filed and/or recorded in the appropriate jurisdiction and certified as required by Bondowner Representative, including without limitation, and as applicable, (a) articles of organization and operating agreements, (b) certificates of limited partnership, statements of partnership and partnership agreements, (c) statements of joint venture and joint venture agreements, (d) articles of incorporation, (e) trust agreements, and (f) any amendments to any of the foregoing.

4.1.3 Evidence that the insurance required by the Agreement to Furnish Insurance is in full force and effect.

4.1.4 All Borrower's Funds required under this Agreement.

4.1.5 Copies of the Detailed Cost Breakdown, the Project Budget, the Plans, the Construction Contract, the Architect's Agreement, if any, and any other agreements that Bondowner Representative determines are material to the construction of the Improvements, all certified as required by Bondowner Representative.

4.1.6 Copies of the building permits or permit-ready letter which provide the only condition to issuance of the building permits is the payment of the fees with respect to such building permits and any other authorizations required from any Governmental Authority in connection with the construction of the Improvements.

4.1.7 If required by Bondowner Representative, a current ALTA survey of the Real Property, including dimensions and delineation and location of all easements thereon, certified to and satisfactory to Bondowner Representative and Title Insurer.

4.1.8 If required by Bondowner Representative, letters from local utility companies and any Governmental Authority stating that electric, gas, sewer, water, cable and telephone facilities are or will be available to the Real Property upon completion of the Improvements.

4.1.9 Written results of such due diligence investigations with respect to Borrower, any Loan Party and the Property as Bondowner Representative deems necessary, including without limitation, environmental reviews, engineering inspections, seismic studies and financial analysis.

4.1.10 An opinion of Borrower's counsel as to (a) the proper formation, valid existence and good standing of Borrower and all Loan Parties, (b) the due authorization and execution of all Loan Documents by Borrower and all Loan Parties, (c) whether all necessary consents have been obtained with respect to the Loan, (d) the absence of any threatened or pending actions, suits or proceedings against or affecting the Property, Borrower or any Loan Party, (e) the violation of any agreements to which Borrower or any Loan Party is bound, and (f) such other matters as Bondowner Representative may determine to be necessary or appropriate.

4.1.11 A copy of the Permanent Commitment, certified by Permanent Lender to be in full force and effect, and an agreement executed by Bondowner Representative, Borrower and Permanent Lender, with a copy of the Permanent Commitment attached, providing for, among other things, (i) that the Permanent Commitment is in full force and effect, (ii) an assignment of the Permanent Commitment to Bondowner Representative and the consent of the Permanent Lender thereto, and (iii) the approval by Permanent Lender of the Plans, the state of title of the Real Property (as reflected in the preliminary title report issued by Title Insurer), the survey (if any), and such other documents and matters as are required by the Permanent Commitment to be approved by Permanent Lender.

4.1.12 A performance bond naming Bondowner Representative and Issuer as co-obligees and a labor and material payment bond, in an amount equal to the amount of the Construction Contract, or if there is no Construction Contract, then in such amounts as Bondowner Representative may require, issued by a surety acceptable to Bondowner Representatives and otherwise in form and content acceptable to Bondowner Representative. The performance and the labor and material bonds shall have been recorded in the official records of the county in which the Real Property is located prior to the commencement of work and Improvements.

4.1.13 A copy of the City Documents and the CDCLA Documents, all in a form acceptable to Bondowner Representative and the City Subordination Agreement duly executed by the City and CDCLA Subordination Agreement duly executed by CDCLA and a copy of the Assignment of Permanent Commitment duly executed by Permanent Lender.

4.1.14 The Tax Credit Investor shall have been admitted to the Borrower as a limited partner on terms and conditions acceptable to Bondowner Representative.

4.1.15 Borrower shall have entered in to the AHAP Contract on terms and conditions acceptable to Bondowner Representative and Housing Authority of the County of Los Angeles the shall have consented to the collateral assignment of the AHAP to Bondowner Representative pursuant to the Assignment of AHAP.

4.1.16 Such other documentation, certifications, opinions and information as may be reasonably required by Bondowner Representative.

4.1.17 Any special conditions set forth in the Special Conditions attached hereto as Exhibit C shall have been satisfied.

4.2 Conditions to Issuance of the Bonds. Issuer's obligation to issue the Bonds, and Bondowner Representative's obligation to enter into this Agreement, the other Loan Documents and the Bond Documents, and Issuer's obligation to make the Initial Disbursement, are subject to the satisfaction, or waiver by Issuer or Bondowner Representative, as applicable, each of the conditions in Section 4.1 and of all of the following conditions precedent:

4.2.1 Bondowner Representative shall have received fully executed originals of each of the Loan Documents and the Bond Documents.

4.2.2 The Bond Regulatory Agreement shall have been duly executed, acknowledged and delivered by Borrower to Bondowner Representative.

4.2.3 Each of the Recorded Documents shall have been recorded in the Official Records of the county in which the Real Property is located.

4.2.4 The Financing Statements have been filed with the Secretary of State of California, and Bondowner Representative shall have received a certificate of the Secretary of State showing such Financing Statements to be subject to no prior filings (other than filings perfecting Permitted Liens) except as otherwise agreed to by Bondowner Representative.

4.2.5 Title Insurer shall have committed to deliver to Bondowner Representative the Title Policy.

4.2.6 Bondowner Representative shall have received and approved an executed original of each of the following opinions, in each case addressed to each of Issuer, Trustee and Bondowner Representative and in each case in form and substance approved by Bondowner Representative: (a) the opinion of counsel to Borrower and the other Loan Parties, opining as to the due formation, qualification and good standing of Borrower and the other Loan Parties, the due authorization by Borrower and the Loan Parties of the execution, delivery and performance of the Loan Documents, and the enforceability of the Loan Documents, and covering such other matters as Bondowner Representative may require; and (b) an opinion of Bond Counsel or counsel to the Issuer, as appropriate, opining as to the due organization and valid existence of the Issuer, due execution and delivery by the Issuer of the Trust Indenture, the enforceability of the Trust Indenture, and the exclusion of interest on the Bonds from gross income for federal income tax purposes.

4.2.7 Bondowner Representative shall have received and approved such Financial Statements and other financial information as it may require regarding the financial condition of Borrower, the Loan Parties and/or the Property.

4.2.8 Bondowner Representative shall have received and approved a detailed sources and uses statement showing (i) all costs and expenses of issuance of the Bonds, and (ii) all sources for payment of such costs and expenses.

4.2.9 To the extent not funded from the Initial Disbursement, Borrower shall have paid to Bondowner Representative or will pay concurrently with the issuance of the Bonds, in immediately available good funds (a) all costs and expenses incurred by Issuer, Trustee and Bondowner Representative in connection with the issuance of the Bonds, the making of the Loan and the negotiation, preparation and closing of the Loan Documents and Bond Documents, (b) the Bond Counsel fees and expenses due and payable; and (c) all of the fees to Issuer then due and payable.

4.2.10 Borrower shall have delivered to Bondowner Representative, and Bondowner Representative shall have approved such information, and/or documentation as Bondowner Representative may require to evidence that paragraph (1) of Section 42(h) of the Code will not apply to the Tax Credits by virtue of the provisions set forth in subparagraph (4)(B) of Section 42(h) of the Code.

4.2.11 Any special conditions set forth in the Special Conditions attached hereto as Exhibit C shall have been satisfied.

5. DISBURSEMENTS.

5.1 Initial Disbursement.

5.1.1 Prior to the Initial Disbursement, the following conditions shall have been satisfied in addition to the conditions set forth in Sections 4.1 and 4.2, as determined by Bondowner Representative:

(a) Borrower and all Loan Parties shall have performed to Bondowner Representative's satisfaction all covenants required to be performed under this Agreement, the other Loan Documents and the Bond Documents on or before the Funding Date.

(b) No change shall have occurred that could have a material adverse effect on Borrower, any Loan Party, the Property or Bondowner Representative's right or ability to receive payment in full of the Loan, as determined by Bondowner Representative in its sole discretion.

(c) No Event of Default shall exist.

(d) The representations and warranties of Borrower in this Agreement and the other Loan Documents shall be true and correct on and as of the date of the disbursement with the same effect as if made on such date.

(e) Bondowner Representative shall have approved in its sole discretion, the Detailed Cost Breakdown, the Project Budget, the Plans, the Construction Contract (if any), the Architect's Agreement, and any other agreements that Bondowner Representative determines are material to the construction of the Improvements.

(f) Bondowner Representative shall have received satisfactory evidence that there are no liens on Personal Property, except as otherwise agreed to by Bondowner Representative.

(g) If required by Bondowner Representative, Bondowner Representative shall have received a list of the names and addresses of all suppliers, laborers and subcontractors with whom agreements have been made with Contractor and/or Borrower to deliver materials and/or perform work on the Improvements.

(h) Such evidence as Bondowner Representative may require evidencing the expenditure of Borrower's Equity on Project costs in accordance with this Agreement is at least \$161,018 [CHECK].

(i) Any special conditions set forth in the Special Conditions attached hereto as Exhibit C shall have been satisfied.

5.1.2 Upon satisfaction of the conditions contained in Sections 4.1, 4.2 and 5.1.1, Issuer, through Trustee, shall disburse in accordance with the Project Budget and the Disbursement Schedule to a project fund account maintained with Trustee in accordance with the Bondowner Representative's closing instructions. Borrower hereby agrees to pay all costs, charges and expenses incurred or to be incurred (as estimated by Bondowner Representative) in connection with the Loan or payable pursuant to this Agreement or the other Loan Documents, excluding direct costs of labor and materials related to the Improvements, but including without limitation, the Loan Fee, service charges, title charges, tax and lien service charges, recording fees, escrow fees, appraisal fees, legal fees, real property taxes and assessments, insurance premiums, any fees payable in connection with the Permanent Commitment, any amounts

required to pay existing encumbrances affecting the Property, and any amounts required to complete purchase of the Real Property.

5.2 Subsequent Disbursements.

5.2.1 Prior to making any Advances after the Initial Disbursement, except for the final Advance, the following additional conditions shall have been satisfied, as determined by Bondowner Representative:

(a) All specific requirements for the disbursement set forth in the Disbursement Schedule shall have been satisfied.

(b) No Event of Default shall exist.

(c) The representations and warranties of Borrower in this Agreement and the other Loan Documents shall be true and correct on and as of the date of the disbursement with the same effect as if made on such date.

(d) The Improvements shall not have been damaged by fire or other casualty unless Bondowner Representative has determined that Bondowner Representative will receive proceeds sufficient in Bondowner Representative's judgment to effect the satisfactory restoration of the Improvements and permit Project Completion prior to the Completion Date.

(e) If required by Bondowner Representative, Bondowner Representative shall have received confirmation to its satisfaction that (A) to date, the Improvements have been constructed in accordance with the Plans and the Construction Contract (if any), and (B) the present state of construction of the Improvements will, barring then unforeseen and unknown delays, permit Project Completion on or before the Completion Date.

(f) If Bondowner Representative has determined that the undisbursed proceeds of the Loan together with undisbursed proceeds of the City Loan and the CDCLA Loan [**CHECK**] and Borrower's Funds (if any) are insufficient to pay all costs to complete the construction of the Improvements (and all other costs included within the Project Budget), Borrower shall have deposited into the Borrowers' Funds Account cash in the amount of such shortfall as provided in Section 7.2.

(g) If required by Bondowner Representative, (A) Title Insurer shall have issued its continuation endorsement to the Title Policy indicating that since the last preceding disbursement, there: (1) has been no change in the condition of title to the Real Property; and (2) are no intervening liens that may now or hereafter take priority over the disbursement to be made, and (B) upon completion of the foundation, Title Insurer shall have issued its foundation endorsement to the Title Policy insuring Bondowner Representative that the foundation is constructed wholly within the boundaries of the Real Property and does not encroach on any easements or violate any covenants, conditions or restrictions or any Governmental Requirement.

(h) Bondowner Representative shall have received satisfactory evidence that there are no liens on Personal Property, except as otherwise agreed to by Bondowner Representative.

(i) All amounts deposited into the Borrower's Funds Account shall have been withdrawn by Borrower to cover Project costs in accordance with the terms and conditions of this Agreement.

(j) If requested by Bondowner Representative, (a) the City and CDCLA, as applicable, shall have executed and delivered to Bondowner Representative estoppel certificates in form and substance reasonably acceptable to Bondowner Representative, which shall contain such certifications as Bondowner Representative shall reasonably require with respect to the City Documents and the CDCLA Loan Documents, and (b) Tax Credit Investor shall have executed and delivered to Bondowner Representative an estoppel certificate in form and substance reasonably acceptable to the Bondowner Representative, which shall contain such certifications as Bondowner Representative shall reasonably require with respect to Tax Credit Investor's obligations under the Partnership Agreement.

(k) The entire amount of the City Loan and the CDCLA Loan shall have been fully disbursed to or for the account of Borrower and applied towards Project costs.

(l) Any special conditions set forth in the Special Conditions attached hereto as Exhibit C shall have been satisfied.

5.2.2 Upon satisfaction of the conditions contained in Sections 5.2.1 and 5.4 (as applicable), on or about the first day of each calendar month following commencement of construction of the Improvements, Contractor shall submit to Borrower a Draw Request showing the estimated cost of labor performed on and materials incorporated into the Improvements, a pro-rata portion of Contractor's profit and that pro-rata portion of overhead of Contractor attributable to the construction of the Improvements. The original of such Draw Request, certified true and correct by Contractor and approved by Borrower, shall be submitted to Bondowner Representative for approval. Upon verification of the accuracy of the Draw Request by Bondowner Representative and by inspection of the Real Property and Improvements (if required by Bondowner Representative), Issuer, through the Trustee in accordance with the terms of the Trust Indenture, shall disburse the amount of the respective approved Draw Request in accordance with the Disbursement Schedule (i) directly to Borrower or, upon the occurrence and during the continuance of an Event of Default, directly to Contractor or to such Persons as have actually supplied labor, materials or services in connection with the construction of the Improvements (at Bondowner Representative's option as to whom and in what amounts payments are to be made), or (ii) if specifically required by Bondowner Representative, through a fund control service acceptable to Bondowner Representative under a fund control agreement in form and content acceptable to Bondowner Representative.

5.3 Final Disbursement.

5.3.1 Prior to making the final Advance, the conditions set forth in Sections 5.1, 5.2 and 5.4 (as applicable) and the following conditions shall have been satisfied, as determined by Bondowner Representative:

(a) Bondowner Representative shall have received confirmation to its satisfaction that the Improvements have been completed in accordance with the Plans and the Construction Contract (if any).

(b) If required by Bondowner Representative, Bondowner Representative shall have received a copy of the final certificate of occupancy (or its equivalent as determined by Bondowner Representative) issued by the appropriate Governmental Authority.

(c) Bondowner Representative shall have received evidence that Borrower has recorded a notice of completion (or its equivalent as determined by Bondowner Representative) with respect to the Improvements.

(d) Bondowner Representative shall have received (A) such endorsements to the Title Policy as Bondowner Representative may require which shall insure that the Improvements have been completed free of all mechanic's and materialmen's liens or claims thereof (or if such a lien has been filed, such lien has been released or discharged as provided in Section 7.14 below), or (B) such additional title policies with endorsements as Bondowner Representative may require, with a liability limit of not less than the principal amount of the Loan, issued by Title Insurer, with coverage and in form satisfactory to Bondowner Representative, insuring Bondowner Representative's interest under the Deed of Trust as a first lien on the Real Property, excepting only such items as shall have been approved in writing by Bondowner Representative.

(e) If requested by Bondowner Representative, (a) the City and CDCLA, as applicable, shall have executed and delivered to Bondowner Representative estoppel certificates in form and substance reasonably acceptable to Bondowner Representative, which shall contain such certifications as Bondowner Representative shall reasonably require with respect to the City Documents and the CDCLA Loan Documents, and (b) Tax Credit Investor shall have executed and delivered to Bondowner Representative an estoppel certificate in form and substance reasonably acceptable to the Bondowner Representative, which shall contain such certifications as Bondowner Representative shall reasonably require with respect to Tax Credit Investor's obligations under the Partnership Agreement.

(f) The entire amount of the City Loan and the CDCLA Loan shall have been disbursed, including, any retainage.

(g) Bondowner Representative shall have received evidence satisfactory to Bondowner Representative that the Permanent Lender has approved the completed Improvements (if required by the terms of the Permanent Commitment) and that all

construction-related conditions precedent to the funding of the Permanent Commitment have been satisfied.

5.3.2 The final disbursement shall consist of the payment of any monies retained from progress payments or disbursements as set forth in this Agreement. Subject to the provisions of this Agreement, the final disbursement shall be made only after Borrower has satisfied the conditions of Sections 5.3.1 and 5.4 (as applicable).

5.4 Additional Conditions to Advances. Bondowner Representative shall have the right to condition any Advance upon Bondowner Representative's receipt and approval of the following, each in form and content acceptable to Bondowner Representative:

5.4.1 The Draw Request.

5.4.2 Bills, invoices, documents of title, vouchers, statements, receipts and any other documents evidencing the total amount expended, incurred or due for any requested line item shown in the Project Budget.

5.4.3 Evidence of Borrower's use of a lien release, joint check or voucher system acceptable to Bondowner Representative for payments or disbursements to Contractor or to such Persons as have actually supplied labor, materials or services in connection with the construction of the Improvements.

5.4.4 Architect's, inspector's and/or engineer's periodic certifications of the percentage and/or stage of construction that has been completed and its conformance to the Plans and any Governmental Requirement based upon such architect's, inspector's and/or engineer's periodic physical inspections of the Real Property and Improvements.

5.4.5 Waivers and releases of any mechanic's lien, stop notice claim, equitable lien claim or other lien claim rights.

5.4.6 Any other documents, requirements, evidence or information that Bondowner Representative may request under any provision of the Loan Documents.

5.4.7 Evidence that any goods, materials, supplies, fixtures or other work in progress for which disbursement is requested have been incorporated into the Improvements.

5.4.8 In the event any Draw Request includes the cost of Offsite Materials, such Draw Request shall include each of the following: (a) evidence that the Offsite Materials have been purchased by Borrower, have been segregated from other materials in the facility where they are stored and have been appropriately marked to indicate Borrower's ownership thereof and Trustee's security interest therein; (b) evidence that the Offsite Materials are insured as required by this Agreement; and (c) at Bondowner Representative's request, a security agreement, financing statement, acknowledgment, and/or subordination agreement in form and content satisfactory to Bondowner Representative executed by the supplier of the Offsite Materials, and/or such other Persons as Bondowner Representative determines may have an interest in or claim to the Offsite Materials, together with such other additional documentation

and evidence as Bondowner Representative may reasonably require to assure itself that Issuer has a perfected first priority lien on the Offsite Materials.

5.4.9 In the event any Draw Request includes the cost of Onsite Materials, such Draw Request shall include each of the following: (a) evidence that the Onsite Materials have been purchased by Borrower; (b) evidence that the Onsite Materials are insured as required hereunder; and (c) evidence that the Onsite Materials are stored in an area on the Real Property for which adequate security is provided against theft and vandalism.

5.5 Disbursement Limits.

5.5.1 Borrower hereby represents to Issuer and Bondowner Representative that, as of the date of this Agreement, the Project Budget represents the total amount needed by Borrower to construct the Improvements and to perform Borrower's obligations under the Loan Documents and Bond Documents. Bondowner Representative shall not be required to approve any Advance for any Construction Costs or any other purpose that is not set forth in the Project Budget nor shall Bondowner Representative be required to approve any Advance for any line item in the Project Budget in an amount that when added to the sum of all prior Advances for that line item would exceed the sum allocated in the Project Budget for that line item.

5.5.2 Bondowner Representative reserves and shall have the right to approve Advances that are allocated to any line items in the Project Budget for such other purposes or in such different proportions as Bondowner Representative may, in its sole discretion, deem necessary or advisable. Borrower shall have no right whatsoever to reallocate Advances from one line item in the Project Budget to another or otherwise amend the Project Budget without the prior consent of Bondowner Representative.

5.5.3 All Advances shall be made in accordance with the applicable provisions of the Project Budget and the Disbursement Schedule. All funds disbursed to Borrower shall be received by Borrower in trust and Borrower agrees that such funds shall be used only for the payment of those items contemplated by the particular Advance.

5.5.4 Bondowner Representative shall not be required to approve the disbursement of an aggregate amount of the proceeds of the Loan for labor furnished to and materials incorporated into the Improvements during any stage of construction that exceeds the lesser of (a) the value of such labor and materials, and (b) the amount allocated to that stage of construction in the Project Budget. In any event, Bondowner Representative shall not be required to approve the disbursement of any amount that, in Bondowner Representative's opinion, will reduce that portion of the undisbursed proceeds of the Loan designated for completion of the Improvements below the amount needed to pay for the labor and materials necessary to complete the Improvements.

5.6 Disbursement into the Program Fund. If the Loan has not been fully disbursed by December 1, 2014, Bondowner Representative may, in its discretion, Advance to the Trustee for deposit into the Program Fund of the Trust Indenture all or any portion of the undisbursed portion of the Loan, unless the Borrower delivers to Bondowner Representative an opinion of Bond Counsel to the effect that an Advance of the Bond proceeds after December 31, 2014 will

not, in and of itself, adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes. The Funds so advanced shall be held by the Trustee until disbursed to Borrower in accordance with the provisions of this Agreement and the Trust Indenture and will immediately commence to accrue interest as provided in Section 3.2.1.

6. REPRESENTATIONS AND WARRANTIES OF BORROWER. Borrower makes the following representations and warranties for the benefit of Issuer and Bondowner Representative, each of which is material and is relied upon by them in making the Loan. Each of the following representations and warranties shall be true and accurate as of the Contract Date, the Closing Date and upon disbursement of the Initial Disbursement and each Advance. Borrower agrees that such representations and warranties shall survive and continue until full and final payment of all sums owed under the Loan Documents.

6.1 Formation/Authority. Borrower has complied with all laws and regulations concerning Borrower's organization, existence and the transaction of Borrower's business, and is in good standing in each state in which Borrower conducts business. Borrower is authorized to execute, deliver and perform Borrower's obligations under each of the Loan Documents and the Bond Documents, and Borrower is authorized to construct the Improvements and to own and operate the Property.

6.2 No Defaults Under Existing Agreements. The transactions contemplated hereby and the performance by Borrower of Borrower's obligations under the Loan Documents and the Bond Documents will not result in any breach of or default under any deed of trust, mortgage, lease, loan, security agreement or any other agreement to which Borrower is a party or may be bound or affected.

6.3 No Actions. There are no actions, suits or proceedings pending or, to the best knowledge of Borrower, threatened against or affecting Borrower or the Property or involving the validity, priority or enforceability of the Deed of Trust or any other Loan Document or Bond Documents or affecting Issuer's or Bondowner Representative's right to receive payment in full of all amounts outstanding under this Agreement, the other Loan Documents or the Bond Documents. Borrower is not in default with respect to any order, writ, injunction, decree or demand of any court or any Governmental Authority. There (a) is no completed, pending or threatened bankruptcy, reorganization, receivership, insolvency or like proceeding, whether voluntary or involuntary, affecting the Property, the Borrower, or any Loan Party, and (b) has been no assertion or exercise of jurisdiction over the Property, the Borrower or any Loan Party by any court empowered to exercise bankruptcy powers. Borrower is not presently under any cease or desist order or other orders of a similar nature, temporary or permanent, of any Governmental Authority that would have the effect of preventing or hindering performance of its duties under this Agreement, any other Loan Documents or any Bond Document, nor are there any proceedings presently in progress or to its knowledge contemplated that would, if successful, lead to the issuance of any such order.

6.4 Other Liens. Borrower has made no contract or arrangement of any kind, the performance of which by the other party thereto would give rise to a lien on the Property, except for its arrangements with the Architect, the Contractor or the subcontractors if there is no Contractor.

6.5 **Leases.** All Leases are in full force and effect, there are no defaults under any of the provisions thereof by any party thereto, and all conditions to the effectiveness or continuing effectiveness of the Leases required to be satisfied as of the date hereof have been satisfied.

6.6 **Financial Statements.** The Financial Statements delivered to Bondowner Representative by Borrower and any Loan Party are true and correct in all material respects, have been prepared in accordance with accounting practices and principles acceptable to Bondowner Representative and consistently applied, and fairly present the financial condition(s) of the Person(s) referred to therein as of the respective dates; no materially adverse change has occurred in the financial condition reflected in any such financial statement since the date shown thereon, and no additional material liabilities have been incurred by any such Person since the date thereof other than the borrowing contemplated hereby or other borrowing disclosed in writing to and approved by Bondowner Representative.

6.7 **Compliance With Laws.** The Borrower hereby represents, covenants and agrees: (a) to comply with the provisions of all applicable state laws relating to the Bonds and the Project; (b) the Property and the construction and actual use thereof by Borrower will comply in all material respects with all Governmental Requirements. Borrower has received no notices of violations of any Governmental Requirement; and (c) the Project satisfies all requirements of the Act and the Code applicable to the Project.

6.8 **Permits, Approvals, Licenses.** Borrower has obtained all licenses, permits and approvals necessary for the ownership, construction operation and management of the Property, including all approvals essential to the transactions contemplated by this Agreement, the Bond Documents, the Loan Documents and any other documents contemplated hereby or thereby.

6.9 **Ownership of Real Property.** Borrower has, or as of the Closing Date will have, and will continue to have fee simple title to Real Property, subject only to the Permitted Liens. The Borrower is the sole borrower under the Loan. Borrower shall make no changes to the Property, when it is built, or to the operation thereof that would affect the qualification of the Property under the Act. The Borrower intends to utilize the Property as multifamily rental housing during the Qualified Project Period (as defined in the Bond Regulatory Agreement). The Borrower intends to hold the Property for its own account and has no current plans to sell, and has not entered into any agreement to sell, all or any portion of the Property

6.10 **Ownership of Personal Property.** Borrower owns directly all of the Personal Property free and clear of all liens, encumbrances and adverse claims and the security interest of Trustee or Bondowner Representative in the Personal Property shall be a first lien thereon.

6.11 **Other Financing.** Except for the City Loan and the CDCLA Loan or as otherwise disclosed in writing to Bondowner Representative and approved by Bondowner Representative in writing prior to the Closing Date, Borrower has not received other

financing for either the acquisition of the Property or the construction and installation of the Improvements.

6.12 **Plans, Defects.** The Plans are satisfactory to Borrower, and to the extent required by any Governmental Requirement or any effective restrictive covenant, have been approved by all applicable Governmental Authorities and the beneficiaries of any such covenant respectively; the Plans so approved have been approved by Borrower and Contractor as set forth in the Certification of Plans and Specifications delivered to Bondowner Representative by Borrower. The Borrower will make no changes to the Property or to the operation thereof which would affect the qualification of the Property under the Act or the Code;

6.13 **Utilities.** All utility services necessary for the construction of the Improvements and the operation thereof for their intended purpose are either available at the boundaries of the Real Property or all necessary steps have been taken by Borrower and applicable Governmental Authorities to assure the complete construction and installation thereof, including water supply, storm drain and sanitary sewer facilities, and gas, electric, cable and telephone facilities.

6.14 **Roads.** All roads necessary for the full use of the Improvements for their intended purposes have been completed or the necessary rights-of-way therefore have either been acquired by the applicable Governmental Authority or dedicated to public use and accepted by such Governmental Authority. All necessary steps have been taken by Borrower and such Governmental Authority to assure the complete construction thereof.

6.15 **CC&Rs, Zoning, Property Located in Los Angeles County.** Borrower has examined, is familiar with, and the Improvements will in all respects conform to and comply with, all covenants, conditions, restrictions, reservations and zoning ordinances affecting the Property. The Borrower has obtained or will obtain in due course, when needed, all requisite zoning, planning, building and environmental and other permits which may become necessary with respect to the construction, use and occupancy of the Property. The Real Property is located wholly within the boundaries of Los Angeles County, California.

6.16 **Finder's Fees.** Borrower has not dealt with any Person who is or may be entitled to any finder's fee, brokerage commission, loan commission or other sum in connection with the execution of this Agreement, consummation of the transactions contemplated hereby, or the making of the Loan to Borrower.

6.17 **Draw Request.** Each Draw Request shall be true, complete and accurate and the submission of same shall constitute a reaffirmation of the representations, warranties and covenants contained herein.

6.18 **Other Information.** No information, statement or report furnished in writing to Issuer, Trustee or Bondowner Representative by Borrower, any Loan Party or any of their respective representatives in connection with this Agreement, the Bond Documents or the other Loan Documents or the consummation of the transactions contemplated hereby and thereby (including, without limitation, any information furnished by Borrower in connection

with the preparation of any materials related to the issuance, delivery or offering of the Bonds) contains any material misstatement of fact or omits to state a material fact necessary to make the statements contained therein, in the light of the circumstances under which they were made, not misleading; and the representations and warranties of Borrower and the statements, information and descriptions contained in Borrower's closing certificates, as of the Closing Date, are true, correct and complete, do not contain any untrue statement or misleading statement of a material fact, and do not omit to state a material fact required to be stated therein or necessary to make the certifications, representations, warranties, statements, information and descriptions contained therein, in the light of the circumstances under which they were made, not misleading; and the estimates and the assumptions contained herein and in any certificate of Borrower delivered as of the Closing Date are reasonable and based on the best information available to Borrower.

6.19 No Default. No event has occurred and no condition exists with respect to Borrower, any Loan Party or the Property that would constitute an Event of Default or with the giving of notice or passage of time, or both, if not cured would become an Event of Default.

6.20 Tax Certificate. Borrower has complied with all terms and conditions of the Tax Certificate, including the terms and conditions of the exhibits thereto, and the representations set forth in the Tax Certificate pertaining to Borrower and the Property are true and accurate. The Property will satisfy all requirements of the Tax Certificate, the Bond Regulatory Agreement, the Act, this Agreement and the Code with respect to multifamily rental housing and/or qualified residential rental facilities. The information furnished by the Borrower and used by the Issuer in preparing the certificate pursuant to section 148 of the Code and information statement pursuant to section 149(e) of the Code is accurate and complete as of the date of the issuance of the Bond.

6.21 Regulatory Agreement. Borrower is not in default under the Regulatory Agreements. The Property is, as of the Closing Date, in compliance with all requirements of the Regulatory Agreements, including all applicable requirements of the Act and the Code. Borrower intends to cause the residential units at the Property to be rented or available for rental on a basis that satisfies the requirements of the Regulatory Agreements, including all applicable requirements of the Act and the Code. All Leases will comply with all Governmental Requirements and the Regulatory Agreements. The Property meets the requirements of this Agreement, the Regulatory Agreements, the Act and the Code with respect to multifamily rental housing.

6.22 No Issuer Relationships. To the best knowledge of Borrower, no member, officer, agent or employee of Issuer has been or is in any manner interested, directly or indirectly, in that Person's own, name or in the name of any other Person, in the Bonds, the Bond Documents, the Loan Documents, Borrower, any Loan Party or the Property, in any contract for property or materials to be furnished or used in connection with the Property, or in any aspect of the transactions contemplated by the Bond Documents or the Loan Documents.

6.23 Authorizations and Consents. No authorization, consent, approval, order, registration declaration or withholding of objection on the part of or filing of or with any Governmental Authority not already obtained or made (or to the extent not yet obtained or made Borrower has no reason to believe that such authorizations, consents, approvals, orders, registrations or declarations will not be obtained or made in a timely fashion) is required for the execution and delivery or approval, as the case may be, of this Agreement, the Bond Documents, the Loan Documents or any other documents contemplated by this Agreement, the Bond Documents or the Loan Documents, or the performance of the terms and provisions hereof or thereof by the Borrower.

6.24 No Reliance. Borrower acknowledges, represents and warrants that it understands the nature and structure of the transactions relating to the financing of the Property; that it is familiar with the provisions of all of the documents and instruments relating to such financing to which it or Issuer is a party or of which it is a beneficiary including, without limitation, the Trust Indenture; that it understands the risks inherent in such transactions, including, without limitation, the risk of loss of the Property; and that it has not relied on the Issuer or Bondowner Representative for any guidance or expertise in analyzing the financial or other consequences of the transactions contemplated by this Agreement and the Trust Indenture or otherwise relied on Issuer, Trustee or Bondowner Representative in any manner. The Borrower acknowledges that the obligation of the Issuer hereunder to issue Bond to finance the Property does not in any way constitute a representation, warranty, guaranty, advice or suggestion by the Issuer as to the feasibility or viability of the Property, and may not be relied on as such by any investor, tenant, lender, or other person, for any reason

6.25 Environmental Matters. Borrower has not received any notice that it or the Property is not in compliance with all provisions of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended (“CERCLA”); the Resource Conservation and Recovery Act; the Superfund Amendments and Reauthorization Act of 1986; the Toxic Substances Control Act and all environmental laws of the State (collectively “Environmental Laws”), or with any rules, regulations and administrative orders of any Governmental Authority, or with any judgments, decrees or orders of any court of competent jurisdiction with respect thereto; and Borrower has not received any assessment, notice (primary or secondary) of liability or financial responsibility, and no notice of any action, claim or proceeding to determine such liability or responsibility, or the amount thereof, or to impose civil penalties with respect to a site listed on any federal or state listing of sites containing or believed to contain “hazardous materials” (as defined in the Environmental Laws), nor has Borrower received notification that any hazardous substances (as defined under CERCLA) that it has disposed of have been found in any site at which any governmental agency is conducting an investigation or other proceeding under any Environmental Law.

6.26 ERISA. Borrower has not received any notice that it is not in full compliance with the Employment Retirement Income Security Act of 1974, as amended, and the Department of Labor regulations thereunder, with the Code and with terms of such plan or plans with respect to each pension or welfare benefit plan to which Borrower is a party or

makes any employer contributions with respect to its employees, for the current or prior plan years of such plans.

6.27 **Bond.** The average maturity of the Bond does not exceed 120% of the average reasonably expected economic life of the facilities of the Property financed with the original net proceeds. The Bond is not and shall not be “federally guaranteed” as defined in Section 149(b) of the Code. Borrower intends to hold the Property for its own account and has no current plans to sell and has not entered into any agreement to sell all or any portion of the Property, and the Borrower will expend sufficient amounts for qualified construction expenditures in accordance with the Tax Certificate.

6.28 **Tax Credit Allocation Documents Effective.** The Tax Credit Allocation Documents are in full force and effect and have not been revoked, amended or modified in any way. Borrower knows of no reason why Project Completion could not occur on or before the Completion Date.

6.29 **Satisfaction of Conditions under Tax Credit Allocation Documents.** Each and every covenant, condition and obligation contained in the Tax Credit Allocation Documents required to be performed or satisfied as of the date hereof, and each and every matter required to be approved thereunder as of the date hereof, has been satisfied or approved, as applicable.

6.30 **Permanent Commitment.** The Permanent Commitment is unmodified, is in full force and effect, and all conditions to the effectiveness or continuing effectiveness of the Permanent Commitment required to be satisfied by the date hereof have been satisfied.

6.31 **Tax Credits Not Subject to State Ceiling.** Fifty Percent (50%) or more of the aggregate basis of the Improvements and Borrower’s interest in the Property will be financed with proceeds from the Bonds and, therefore, paragraph (1) of Section 42(h) of the Code will not apply to the Tax Credits by virtue of the provisions set forth in subparagraph (4)(B) of Section 42(h) of the Code.

6.32 **Satisfaction of Conditions under AHAP Contract.** Each and every covenant, condition and obligation contained in the AHAP Contract required to be performed or satisfied as of the date hereof and each and every matter required to be approved thereunder as of the date hereof, have been satisfied, waived or approved, as applicable.

6.33 **Satisfaction of Conditions under City Documents and CDCLA Documents.** Each and every covenant, condition and obligation contained in the City Documents and the CDCLA Documents required to be performed or satisfied as of the date hereof and each and every matter required to be approved thereunder as of the date hereof, have been satisfied, waived or approved, as applicable.

6.34 **Additional Reports.** From time to time the Issuer may direct the Borrower to file such additional reports as the Issuer reasonably determines to be necessary to comply with State or federal laws or regulations in connection with administration of the Loan and operation of the Property hereunder and the Borrower agrees to file such reports promptly.

6.35 **Indenture Provisions.** The execution of this Agreement shall constitute conclusive evidence of approval of the Trust Indenture by the Borrower. Whenever the Trust Indenture by its terms imposes a duty or obligation upon the Borrower, such duty or obligation shall be binding upon the Borrower to the same extent as if the Borrower were an express party to the Trust Indenture, and the Borrower shall carry out and perform all of its obligations under the Trust Indenture as fully as if the Borrower were a party to the Trust Indenture.

6.36 **Additional Representations and Warranties.** Borrower also makes the representations and warranties set forth in the Special Conditions attached hereto as Exhibit C.

7. BORROWER'S COVENANTS. Borrower covenants and agrees with Issuer and Bondowner Representative that until the full and final payment of all sums owed under the Loan Documents and the Bond Documents, unless Bondowner Representative waives compliance in writing:

7.1 **Application of Advances.** Borrower shall receive the Advances made hereunder in trust, strictly for the purpose of paying the costs identified in the request for such Advance.

7.2 **Borrower's Funds.** At the time and in amounts required by Bondowner Representative, Borrower shall deposit Borrower's Funds into the Borrower's Funds Account. Should it appear at any time in Bondowner Representative's judgment that the sum of undisbursed proceeds of the Loan and the then balance of the Borrower's Funds Account are insufficient to provide the financing for completion of the Improvements, Borrower shall pay to Bondowner Representative, within ten days following receipt of written demand by Bondowner Representative, an amount equal to such deficiency for deposit into the Borrower's Funds Account.

7.3 **Lien Priority.** At Borrower's sole cost and expense, Borrower shall maintain the Deed of Trust as a first lien on the Property subject only to the Permitted Exceptions.

7.4 **Construction Start and Completion.**

7.4.1 Borrower shall not commence construction of the Improvements, including, but not limited to, grading and site clearance, and shall not undertake any other act on the Real Property prior to recordation of the Deed of Trust, the result of which would cause any mechanics' or materialmen's lien thereafter filed to take priority over the lien of the Deed of Trust, unless prior arrangements satisfactory to both Bondowner Representative and Title Insurer have been made.

7.4.2 Borrower shall cause construction of the Improvements to be commenced not more than 30 days after the recordation of the Deed of Trust.

7.4.3 Borrower shall cause (a) the Improvements to be constructed in a good and workmanlike manner, with materials of high quality, and in accordance with the Plans, Governmental Requirements and sound building and engineering practices, including payment of

prevailing wages, as applicable, (b) the construction of the Improvements to be prosecuted with diligence and continuity and completed in accordance with the Plans and to otherwise cause Project Completion to occur on or before the Completion Date, free and clear of liens or claims for liens, and (c) all licenses and permits necessary for the occupancy, use or sale of the Improvements to be issued. Borrower shall promptly commence and diligently proceed with the Project.

7.4.4 Borrower shall complete the construction of the Improvements on or before the Completion Date. The construction of the Improvements shall be considered complete for purposes of this Agreement only when (a) the construction of the Improvements has been completed substantially in accordance with the Plans and has been fully paid for subject to Borrower's obligations to pay and discharge or cause the release or discharge of any mechanics' lien as provided in Section 7.14, (b) all work requiring inspection or certification by any Governmental Authority has been completed and all requisite certificates, approvals and other necessary authorizations (including any required certificates of occupancy) have been obtained, and (c) streets and offsite utilities located within or pertaining to the Property have been completed to the satisfaction of all applicable authorities.

7.5 Change Orders.

7.5.1 Borrower shall not permit any change in the Plans without Bondowner Representative's prior consent if any such change (a) constitutes a material change in material or equipment specifications, architectural or structural design, or the value or quality of the Improvements, or (b) would result in an increase or decrease in the cost of construction of the Improvements in excess of the Single Change Order Limit for any single change, or in excess of the Aggregate Change Order Limit for all changes.

7.5.2 Borrower shall submit any proposed change in the Plans to Bondowner Representative not later than ten Business Days prior to the commencement of construction relating to such change.

7.5.3 Borrower shall deliver to Bondowner Representative in connection with any proposed change requiring Bondowner Representative's prior written consent (a) a written request therefor, together with working drawings and a written description of the proposed change, submitted on a change order form acceptable to Bondowner Representative and executed by Borrower, Architect, and Contractor, and (b) evidence satisfactory to Bondowner Representative as to the cost and time necessary to complete the proposed change.

7.5.4 Prior to permitting any change in the Plans requiring Bondowner Representative's consent, Borrower shall satisfy any condition of Bondowner Representative's consent, including, but not limited to, depositing funds to cover any increased Construction Costs into the Borrower's Funds Account as required by Bondowner Representative, which Bondowner Representative is authorized to disburse in accordance with the Project Budget and the Disbursement Schedule for payment of such Change Orders upon completion of such changes to Bondowner Representative's satisfaction.

7.6 Detailed Cost Breakdown. Borrower shall not modify the Project Budget or the Detailed Cost Breakdown without Bondowner Representative's prior written consent, which consent may be conditioned upon, among other things, (a) Bondowner Representative's receipt of evidence satisfactory to Bondowner Representative that the change in the Project Budget or the Detailed Cost Breakdown is reasonably necessary, and (b) Bondowner Representative's confirmation that, in the opinion of Bondowner Representative, sufficient funds remain in the undisbursed proceeds of the Loan (and in the Borrower's Funds Account, if any) to pay for all remaining direct or indirect costs to complete the construction of the Improvements.

7.7 Contractor Covenants. Borrower shall (a) require from the Contractor (i) covenants similar to the covenants made by Borrower in Sections 7.3, 7.4 and 7.5, and (ii) a covenant that Contractor will, upon request, deliver to Bondowner Representative the names of all Persons with whom Contractor has contracted or intends to contract for the construction of the Improvements or for furnishing of labor or materials therefore; and (b) cause the Contractor (or if no Contractor, the subcontractors) to cooperate with Bondowner Representative.

7.8 Construction Contract Only. Borrower shall not execute any contract or become party to any arrangement for the performance of work on the Real Property with any Person except Contractor, and if there is no Contractor, Borrower shall contract only with major subcontractors approved by Bondowner Representative for the performance of work on the Real Property.

7.9 Paid Vouchers. Borrower shall deliver to Bondowner Representative, on demand, any contracts, bills of sale, statements, receipted vouchers or agreements under which Borrower claims title to any materials, fixtures or articles incorporated in the Improvements.

7.10 Application of Disbursements. Borrower shall receive the disbursements to be made hereunder in trust, strictly for the purpose of paying the costs identified in the request for such disbursement.

7.11 Foundation Completion. Borrower shall notify Bondowner Representative immediately upon completion of the foundation of the Improvements and, if required by Bondowner Representative, deliver to Bondowner Representative, promptly after completion of the foundation, a foundation survey in form satisfactory to Bondowner Representative and Title Insurer.

7.12 Personal Property Installation. Without Bondowner Representative's written consent, Borrower shall not install materials, personal property, equipment, or fixtures subject to any security agreement or other agreement or contract giving any Person other than Borrower any right or title to such property.

7.13 Defect Corrections. Upon demand of Bondowner Representative, Borrower shall correct any defect in the Improvements or any departure from the Plans not approved by Bondowner Representative.

7.14 Stop Notices; Mechanic's Liens. If (a) a bonded stop notice is received by Bondowner Representative that Bondowner Representative believes requires the withholding of funds from any Advance or from any disbursement of proceeds from the Borrower's Funds Account, or (b) a mechanics' lien, material supplier's lien or other construction lien is recorded against the Real Property, then Borrower shall within 20 days of such receipt or recordation or within five days of Bondowner Representative's demand (whichever first occurs):

7.14.1 pay and discharge same;

7.14.2 effect the release of same by recording a surety bond in sufficient form and amount issued by a surety acceptable to Bondowner Representative; or

7.14.3 provide Bondowner Representative with such other assurance as Bondowner Representative, in its sole discretion, deems to be satisfactory for the payment of, and protection of Bondowner Representative from, such lien or bonded stop notice.

7.15 Record Keeping, Financial and Other Information. Borrower shall keep and maintain full and complete books of account and other records reflecting the results of operations of the Property in accordance with accounting practices and principles acceptable to Bondowner Representative and consistently applied, and shall furnish or cause to be furnished to Bondowner Representative such financial information concerning Borrower, each Loan Party and the Property as Bondowner Representative may require, including but not limited to:

7.15.1 within 45 days after the close of each quarter, except for the final quarter of each year, Borrower's and Guarantor's Financial Statement as of the close of such period,

7.15.2 within 120 days of the close of each fiscal year-end, the annual Financial Statements for Borrower and each Loan Party,

7.15.3 within 30 days of the request of Bondowner Representative, a copy of the most recent filed Federal income tax returns for Borrower and each Loan Party, together with all supporting schedules,

7.15.4 within 30 days after written request by Bondowner Representative, the Financial Statements of all affiliates and subsidiaries of Borrower and each Loan Party,

7.15.5 within 45 days after the close of each quarter, including the final quarter of each year, a certified statement of Liquid Assets for Guarantor,

7.15.6 within 30 days of the final quarter of each year, a projected cash flow statement for the next succeeding calendar year for Guarantor, and

7.15.7 Promptly, upon request, any other financial information requested by Bondowner Representative.

7.16 Post-Construction Financial Reporting. Upon completion of construction of the Improvements, Borrower shall furnish to Bondowner Representative, without prior request or demand:

7.16.1 Within 30 days after the end of each calendar month a current rent roll and within 30 days after the close of each operating quarter of the Property an Operating Statement; and

7.16.2 Within 120 days after the close of the operating year for the Property, an annual Operating Statement.

7.17 Bondowner Representative's Audit and Inspection Rights. Borrower shall permit any representative of Issuer or Bondowner Representative, at any reasonable time, to inspect, audit and examine and copy the books and records of Borrower and each Loan Party.

7.18 Dividends, Distributions. Following the occurrence and during the continuance of an Event of Default, Borrower shall not (a) make any distribution either in cash, stock or any other property, (b) redeem, retire, repurchase or otherwise acquire any shares or interest in Borrower, or (c) repay any outstanding indebtedness or other advance to any shareholder, partner, member or, if a trust, any trustor or beneficiary of Borrower.

7.19 Payment of Lawful Claims. Borrower shall pay or discharge all lawful claims, including taxes, assessments and governmental charges or levies imposed upon Borrower or Borrower's income or profits or upon any property belonging to Borrower prior to the date upon which any penalties attach; provided that Borrower shall not be required to pay any such tax, assessment, charge or levy, the payment of which is being contested in good faith and by proper proceedings and for which Borrower is maintaining adequate reserves in accordance with generally accepted accounting principles.

7.20 Payment of Costs. Borrower shall pay all costs and expenses incurred by Issuer, Trustee or Bondowner Representative in connection with the enforcement by Issuer, Trustee or Bondowner Representative of any of Borrower's obligations under this Agreement or the other Loan Documents, and the preparation of this Agreement and the other Loan Documents, including but not limited to (a) all appraisal fees, cost engineering and inspection fees, legal fees and expenses (including the fees and costs of in-house counsel and legal staff), accounting fees, environmental consultant fees and costs of title insurance, survey, seismic, escrow and other fees and charges, and (b) all taxes and recording expenses, including stamp taxes, if any.

7.21 Payment of Issuer's Annual Fees. The Borrower covenants to pay the annual fee of the Issuer, payable as set forth in the Bond Regulatory Agreement.

7.22 Approval of Easements and Other Documents. Borrower shall submit to Bondowner Representative for Bondowner Representative's approval all prospective easements, private or public dedications, and declarations of covenants, conditions and restrictions intended to affect the Real Property and Bondowner Representative's approval shall be obtained in writing prior to the execution or granting thereof by Borrower. Borrower's request for approval of any prospective easement or private or public dedication

shall be accompanied by a drawing or survey showing the precise location of such prospective easement or private or public dedication. Borrower's request for approval of any prospective declaration of covenants, conditions and restrictions shall be accompanied by a description of the property affected thereby.

7.23 Compliance with Laws; Preservation of Rights. Borrower shall comply promptly with all Governmental Requirements, and shall obtain, preserve and maintain in good standing, as applicable, all rights, privileges and franchises necessary or desirable for the operation of the Property and the conduct of Borrower's business thereon and therefrom. If payment of the indebtedness secured by the Deed of Trust or any of the other Security Documents is to be insured or guaranteed by any governmental agency, Borrower shall comply with all rules, regulations, requirements and statutes relating thereto or provided in any commitment issued by any such agency to insure or guarantee payment of such indebtedness.

7.24 Notices. Borrower shall promptly notify Bondowner Representative in writing of:

7.24.1 the occurrence of any Event of Default;

7.24.2 any litigation affecting Borrower, any Loan Party or the Property, or any other circumstance, event or occurrence that may reasonably be expected to result in a material adverse change in (a) the financial condition of Borrower or any Loan Party, (b) Borrower's ability to timely perform any of Borrower's obligations under any of the Loan Documents and the Bond Documents, (c) the physical condition or operation of the Property; or (d) the tax exempt status of the interest payable on the Bond; and

7.24.3 any notice that the Improvements or construction thereof, the Property or Borrower's business fails in any respect to comply with any applicable Governmental Requirement.

7.25 Indemnity.

7.25.1 To the fullest extent permitted by law, the Borrower agrees to indemnify, hold harmless and defend each of the Indemnified Parties against any and all losses, damages, claims, actions, liabilities, reasonable costs and expenses of any nature, kind or character (including, without limitation, reasonable attorneys' fees, litigation and court costs, amounts paid in settlement (to the extent that the Borrower has consented to such settlement) and amounts paid to discharge judgments) to which the Indemnified Parties, or any of them, may become subject under federal or state securities laws or any other statutory law or at common law or otherwise, to the extent arising out of or based upon or in any way relating to:

a) The Bond Documents, the Loan, the Loan Documents, the Regulatory Agreements, the AHAP Contract, the City Documents, the CDCLA Documents, the Permanent Commitment and the Permanent Loan Documents or the execution or amendment or performance thereof or in connection with transactions contemplated thereby, including the issuance, sale, transfer, resale and/or remarketing of the Bonds;

- b)** Any act or omission of the Borrower or any of its agents, contractors, servants, employees or licensees in connection with the Loan or the Project, the operation of the Project, or the condition, environmental or otherwise, occupancy, use, possession, conduct or management of work done in or about, or from the planning, design, acquisition, installation, construction or equipping of, the Project or any part thereof;
- c)** Any lien (other than a permitted encumbrance) or charge upon payments by the Borrower to the Issuer and the Trustee hereunder, or any taxes (including, without limitation, all ad valorem taxes and sales taxes), assessments, impositions and other charges imposed on the Issuer or the Trustee in respect of any portion of the Project;
- d)** Any violation of any environmental law, rule or regulation with respect to, or the release of any toxic substance from, the Project or any part thereof during the period in which the Borrower is in possession or control of the Project;
- e)** The enforcement of, or any action taken by the Indemnified Parties related to remedies under this Agreement, the Trust Indenture and the other Bond Documents;
- f)** The defeasance and/or redemption, in whole or in part, of the Bonds;
- g)** Any untrue statement or misleading statement or alleged untrue statement or alleged misleading statement of a material fact by the Borrower contained in any offering statement or document for the Bonds or any of the Bond Documents to which the Borrower is a party, or any omission or alleged omission from any offering statement or document for the bonds of any material fact necessary to be stated therein in order to make the statements made therein by the Borrower, in the light of the circumstances under which they were made, not misleading;
- h)** Any finder's fee, brokerage commission, loan commission or other sum in connection with the consummation of the transactions contemplated hereby;
- i)** The development of the Property, construction of the Improvements or the ownership, operation or use of the Property;
- j)** Any declaration of taxability of interest or allegations (or regulatory inquiry) that interest on the Bonds is taxable for federal income tax purposes;
- k)** The issuance of any Set Aside Letter, whether such matters are based on theories of derivative liability, comparative negligence or otherwise, at Borrower's own cost and with counsel approved by Bondowner Representative, unless Bondowner Representative elects to conduct its own defense at the expense of Borrower;
- l)** Any and all claims arising from any act or omission of the Borrower or any of its agents, contractors, servants, employees or licensees in connection with the Loan, any of the Loan Documents, the Property, or the issuance of the Bond;
- m)** The Trustee's acceptance or administration of the trust of the Trust Indenture, or the Trustee's exercise or performance of or failure to exercise or perform any of its

powers or duties thereunder or under any of the Bond Documents to which it is a party; and

n) All costs, counsel fees, expenses or liabilities incurred in connection with any such claim or proceeding brought thereon, except that the Borrower shall not be required to indemnify any person for damages caused by the willful misconduct or unlawful acts of such person.

except (a) in the case of the foregoing indemnification of (1) the Bondowner Representative or any related Indemnified Party, to the extent such damages are caused by the gross negligence or willful misconduct of such Indemnified Party, or (2) in the case of the Trustee or any related Indemnified Party, the negligence or willful misconduct of the Trustee, or any breach by such party of its obligations under any of the Bond Documents or any untrue statement or misleading statement of a material fact by such Indemnified Party contained in any offering statement or document for the Bonds or any of the Bond Documents or any omission or alleged omission from any such offering statement or document of any material fact necessary to be stated therein in order to make the statements made therein by such Indemnified Party not misleading; or (b) in the case of the foregoing indemnification of the Issuer or any related Indemnified Party, they shall not be indemnified by the Borrower with respect to liabilities arising from their own bad faith, fraud or willful misconduct.

7.25.2 Notwithstanding any transfer of the Project to another owner in accordance with the provisions of this Agreement or the Regulatory Agreement, the Borrower shall remain obligated to indemnify each Indemnified Party pursuant to this Section if such subsequent owner fails to indemnify any party entitled to be indemnified hereunder, unless such Indemnified Party has consented to such transfer and to the assignment of the rights and obligations of the Borrower hereunder.

7.25.3 The rights of any persons to indemnity hereunder and rights to payment of fees and reimbursement of expenses pursuant to this Agreement shall survive the final payment or defeasance of the Bonds and in the case of the Trustee or Bondowner Representative, as applicable, any resignation or removal. The provisions of this Section 7.25 shall survive the termination of this Agreement. Nothing in this Section 7.25 shall in any way limit the Borrower's indemnification and other payment obligations set forth in the Bond Regulatory Agreement. If and to the extent that the obligations of the Borrower under this Section are unenforceable for any reason, the Borrower hereby agrees to make the maximum contribution to the payment in satisfaction of such obligations which is permissible under applicable law.

7.25.4 The liability of Borrower under this indemnity shall not be limited or impaired in any way by (a) the release, reconveyance, foreclosure or other termination of the Deed of Trust, the payment in full of the Loan, any bankruptcy or other bankruptcy proceeding, or any other event whatsoever; (b) any provision in the Loan Documents or the Bond Documents or applicable law limiting Borrower's liability or any Indemnified Party's recourse or rights to a deficiency judgment; or (c) any change, extension, release, inaccuracy, breach or failure to perform by any party under the Loan Documents or the Bond Documents. Borrower's liability hereunder is direct and primary and not secondary as a guarantor or surety.

7.25.5 This indemnity is not intended to give rise to, and shall not give rise to, a right of Bondowner Representative to claim payment of the principal and accrued interest with respect to the Loan as a result of an claim under this Section 7.25.

7.25.6 In the event that any action or proceeding is brought against any Indemnified Party with respect to which indemnity may be sought hereunder, Borrower, upon written notice from such Indemnified Party, shall assume the investigation and defense thereof, including the employment of counsel selected by such Indemnified Party, and shall assume the payment of all expenses related thereto, with full power to litigate, compromise or settle the same in its sole discretion; provided that such Indemnified Party shall have the right to review and approve or disapprove any such compromise or settlement. Each Indemnified Party shall have the right to employ separate counsel in any such action or proceeding and participate in the investigation and defense thereof, and Borrower shall pay the reasonable fees and expenses of such separate counsel; provided, however, that such Indemnified Party may only employ separate counsel at the expense of Borrower if, in the judgment of such Indemnified Party, a conflict of interest exists by reason of common representation or if all parties commonly represented do not agree as to the action (or inaction) of counsel.

7.26 Performance of Acts. Upon request by Bondowner Representative, Borrower shall perform all acts that may be necessary or advisable to perfect any lien or security interest provided for in the Loan Documents or the Bond Documents to carry out the intent of the Loan Documents or the Bond Documents.

7.27 Notice of Change. Borrower shall give Bondowner Representative prior written notice of any change in the location of Borrower's place of business (or Borrower's chief executive office if Borrower has more than one place of business) or Borrower's name, business structure or place of incorporation or other formation, and, unless otherwise approved by Bondowner Representative in writing, Borrower shall maintain all tangible Personal Property (other than the books and records) at the Real Property and all books and records at Borrower's place of business (or chief executive office if Borrower has more than one place of business).

7.28 Tax Certificate. As of the Closing Date, the Borrower is in compliance with all requirements of the Tax Certificate and the Bond Regulatory Agreement, and the representations set forth in the Tax Certificate and the Bond Regulatory Agreement of the Borrower pertaining to the Borrower and the Project are true and accurate. Borrower shall timely comply with all of its obligations under the Tax Certificate (which Tax Certificate is hereby incorporated herein as fully as if set forth at length herein).

7.29 Bond Documents. Borrower shall timely perform its obligations under the Bond Documents and will fully and faithfully perform all the duties and obligations which the Issuer has covenanted and agreed in the Trust Indenture to cause the Borrower to perform and any duties and obligations which the Borrower is required in the Trust Indenture to perform. The foregoing will not apply to any duty or undertaking of the Issuer which by its nature cannot be delegated or assigned.

7.30 Regulatory Agreements. Borrower hereby covenants and agrees (a) to comply with all provisions of the Regulatory Agreements; to advise Bondowner Representative in writing promptly upon learning of any default with respect to the covenants, obligations and agreements of Borrower set forth in the Regulatory Agreements; (b) upon written direction by Issuer, to cooperate fully and promptly with Issuer in enforcing the terms and provisions of the Bond Regulatory Agreement; and (c) to file in accordance with the time limits established by the Regulatory Agreements all reports and certificates required thereunder, and the rebate certifications required by the Bond Regulatory Agreement. Neither Issuer nor Bondowner Representative shall incur any liability in the event of any breach or violation of the Regulatory Agreements by Borrower, and Borrower agrees to indemnify the Indemnified Parties and Bondowner Representative from any claim or liability for any such breach under the Regulatory Agreements. The Borrower agrees to provide the Issuer with all amounts required to be paid as rebate amounts prior to the time limits required with respect to the Bonds and, in any event, immediately open demand by the Issuer.

7.31 Prohibited Activities. Without Bondowner Representative's prior written consent Borrower shall not:

7.31.1 Engage in any business activities substantially different from Borrower's present business or liquidate or dissolve Borrower's business.

7.31.2 Suffer or permit any liens or encumbrances to be placed on the Property other than the Permitted Liens.

7.31.3 Transfer any interest in the Property (other than the lease of residential units within the Property for a term of one year or less and otherwise in compliance with the Regulatory Agreements and dispositions of Personal Property expressly permitted by the Loan Documents) without the prior written consent of Bondowner Representative, which consent may be withheld in Bondowner Representative's absolute discretion. In connection with the foregoing consent requirements, Borrower acknowledges that Bondowner Representative relied upon Borrower's particular expertise in entering into this Agreement and continues to rely on such expertise to ensure the satisfactory completion and operation of the Property. Transfers requiring Bondowner Representative's prior written consent shall include, without limitation, (a) involuntary transfers and transfers by operation of law; (b) liens and assignments as security for obligations, whether voluntary or involuntary; and (c) except as otherwise expressly permitted by the terms of the Deed of Trust, the issuance, sale, assignment, disposition, encumbering or other transfer of any direct or indirect ownership interest in Borrower, any Loan Party or any general partner, member or shareholder of any Loan Party, whether voluntary or involuntary, by operation of law or otherwise. No sale, lease or other transfer shall relieve Borrower from primary liability for its obligations under the Loan Documents or the Bond Documents, and Borrower shall deliver to Bondowner Representative all documents reasonably required by Issuer to evidence its continuing liability. No consent by Bondowner Representative in connection with any Transfer shall constitute (x) a consent by Issuer under the Bond Regulatory Agreement to any sale, assignment, encumbrance, transfer or other disposition of all or any part of the Property, or any direct or indirect interest therein, or (y) a waiver by Issuer of any term or condition of the Bond Regulatory Agreement. Notwithstanding the foregoing, (a)

Union Bank, N.A. may transfer its limited partnership interests in Borrower to any limited partnership or limited liability company in which Tax Credit Investor, or an affiliate thereof is the general partner or managing member; provided that following such transfer, Tax Credit Investor shall remain jointly and severally liable for all contributions to be made by Tax Credit Investor under the Partnership Agreement, (b) the transfer of limited partnership interests or non-managing membership interest in Tax Credit Investor shall not constitute a “transfer” hereunder, and (c) subject to Bondowner Representative’s consent, which shall not be unreasonably withheld, Tax Credit Investor may remove and replace the General Partner in accordance with the Partnership Agreement following a default by the General Partner thereunder. Borrower acknowledges that any transfer permitted by this Section must also comply with the terms and conditions of the Regulatory Agreement.

7.31.4 Amend or modify in any material respect any organizational documents pertaining to Borrower or any Loan Party.

7.31.5 Cause or otherwise consent to the formation of any community facilities district that includes the Property or any part of the Property pursuant to the Mello-Roos Community Facilities Act of 1982, any assessment district that includes the Property or any part of the Property pursuant to the Municipal Improvement Act of 1913, or any other comparable or similar district, area or territory that includes the Property or any part of the Property pursuant to any law, or cause or otherwise consent to the levying of special taxes by any community facilities district against the Property or any part thereof, the levying of assessments by any such assessment district against the Property or any part thereof, or the levying of assessments, taxes and/or other impositions by any such district, area or territory.

7.31.6 Enter into any new Bond Document, AHAP Contract, City Document, CDCLA Document, Permanent Commitment or amend, modify, supplement, cancel or terminate any Bond Document, AHAP Contract, City Document, CDCLA Document or the Permanent Commitment.

7.31.7 Take, or omit to take, any action that, if taken or omitted, would jeopardize or adversely affect the tax-exempt status of the interest payable on the Bond.

7.31.8 Accept any deed or other restriction or enter into any regulatory or other similar agreement regulating or restricting the use or operation of the Property or restricting the tenant income and/or rent levels for the Property in connection with the allocation to the Property of federal low-income housing tax credits or otherwise.

7.32 **Set Aside Letters.** In the event Bondowner Representative issues, at Borrower’s request, any Set Aside Letter, Borrower represents, warrants and agrees as follows:

7.32.1 The sum that Borrower requests Bondowner Representative to allocate for Bonded Work shall be sufficient to pay for the costs of construction and completion of the Bonded Work in accordance with any agreement between Borrower and the Governmental Authority and a copy of such agreement shall be furnished to Bondowner Representative by

Borrower as a condition precedent to the issuance by Bondowner Representative of any Set Aside Letter;

7.32.2 Bondowner Representative is irrevocably and unconditionally authorized to disburse to the Governmental Authority or Surety all or any portion of proceeds of the Loan upon a demand of the Governmental Authority or Surety made in accordance with the terms and conditions of the Set Aside Letter;

7.32.3 Any disbursement or payments that Bondowner Representative makes or may be obligated to make under any Set Aside Letter, whether made directly to the Governmental Authority, Surety, or to others for completion of all or part of the Bonded Work, shall be deemed an Advance to or for the benefit of Borrower;

7.32.4 Bondowner Representative shall have no obligation to release any security under the Loan Documents unless and until Bondowner Representative has received a full and final written release of its obligations under each Set Aside Letter; and

7.32.5 The fee for issuing each Set Aside Letter shall be determined when each Set Aside Letter is issued by Bondowner Representative.

7.33 Management of Property. Borrower shall not enter into any agreement providing for the management or operation of the Real Property or the Improvements without the prior written consent of Bondowner Representative.

7.34 Leases.

7.34.1 **Negative Covenants.** In addition to the provisions of the Deed of Trust, and regardless of whether or not Bondowner Representative's prior written approval is required, Borrower shall not, without Bondowner Representative's prior written consent: (a) grant to any tenant any right or option to purchase the Property or any portion thereof, or any other present or future interest in any portion of the Property other than the right to use and occupy the leased premises, (b) grant to any tenant the right to terminate its lease if the lease of one or more other tenant is terminated, or (c) accept payment of rent from any tenant in any form other than cash or cash equivalent.

7.34.2 **Affirmative Covenants.** In addition to the provisions of the Deed of Trust, Borrower shall (a) document all Leases covering any portion of the Property or the Improvements on a standard lease form approved by Bondowner Representative (with no material change), (b) not enter into any lease for any Unit with a potential tenant unless such lease is an Acceptable Unit Lease and the rent charged thereunder complies with the Governmental Documents, all Regulatory Agreements, the City Documents, the CDCLA Documents, and the Permanent Loan Documents and is consistent with the rent proforma submitted by Borrower and approved by Bondowner Representative (c) enter into Leases only with bona fide third party tenants in an arm's length transaction at the then current market rate for comparable space and on such other terms and conditions as are reasonably acceptable to Bondowner Representative, (d) whether or not Bondowner Representative's prior written approval is required, deliver to Bondowner Representative, within ten days of Bondowner Representative's request, all new Leases (together with all financial information obtained by

Borrower regarding the tenant) and all modifications, amendments and consents to assignment or subletting of existing Leases, and (e) promptly notify Bondowner Representative in writing of (i), upon Bondowner Representative's request, the termination, abandonment, or surrender of any Lease, and (ii) claims of any breach of any of Borrower's obligations as landlord under any Lease.

7.35 Compliance. Upon the request of Bondowner Representative from time to time and at any time certification of the matters set forth below is provided to Issuer or any Governmental Authority, Borrower shall promptly provide to Bondowner Representative the following:

7.35.1 Borrower's certification of the Property's compliance with the rules qualifying the interest payable on the Bond for federal tax exemption pursuant to Section 142(d) of the Code and the regulations issued under Section 142(d) and the requirements of the Regulatory Agreements;

7.35.2 Borrower's certification of the Property's compliance with the requirements of Sections 42 and 47 of the Code and the regulations issued under Section 42; and

7.35.3 Such other documents, certificates and other information as may be deemed necessary or appropriate to enable Bondowner Representative to perform the functions under this Agreement and the Trust Indenture.

7.36 Property Reserves. Borrower shall establish and maintain such operating, replacement and/or tenant improvement reserves for the Property as required by Bondowner Representative, and Borrower hereby grants to Bondowner Representative a security interest in all such reserves. Borrower agrees to execute such supplemental security documentation as Bondowner Representative may request confirming such security interest.

7.37 Intentionally Omitted.

7.38 Rent Restrictions. Comply, and cause the tenants occupying the Units to comply, with the Rent Restrictions, including, without limitation, maintaining all appropriate records.

7.39 Preservation of Tax Credits. To observe and perform all obligations imposed on Borrower for the purpose of obtaining, maintaining and utilizing the maximum amount of Tax Credits allocated pursuant to the Tax Credit Allocation Documents and to operate the Project, or to cause the appropriate parties to operate the Project, in accordance with all applicable provisions of the Code and the R&T Code, if applicable, and all other statutes and regulations governing the Tax Credits including, without limitation, the monitoring and reporting requirements set forth in the Qualified Allocation Plan.

7.40 Compliance with Permanent Commitment. Borrower shall comply with all conditions of the Permanent Commitment and shall execute all documents necessary to close the Permanent Loan when made. Borrower shall not revise or modify the Permanent Commitment from the version approved by Bondowner Representative at the closing of the Loan without the prior written consent of Bondowner Representative.

7.41 Compliance with Regulatory Agreements, City Documents, CDCLA Documents and the Permanent Loan Documents. To observe and comply with all of the terms and conditions set forth in all Regulatory Agreements, the City Documents, the CDCLA Documents and the Permanent Loan Documents (upon the closing of the Permanent Loan).

7.42 Payment of Development Fee. Not pay General Partner more than more than \$396,959 [**CHECK**] of the development fee prior to Closing and not more than \$1,587,837 [**CHECK**] of the development fee prior to Project Completion.

7.43 IRS Form 8609. Deliver to Bondowner Representative the IRS Form 8609 within five (5) business days following Borrower's receipt of the same from the Allocation Committee.

7.44 Obtaining and Maintaining Real Property Tax Exemption. Cause West Hollywood Community Housing Corporation to maintain its status as an "eligible nonprofit corporation" (as such term is used in Section 214(g) of the R&T Code) and take all actions and provide such certifications as may be necessary from time to time so that the Project shall be exempt from the payment of real property taxes in accordance with the provisions of Section 214(g) of the R&T Code.

7.45 Election of Credit Period. Borrower shall not make its election (electing whether the first year of the ten (10) year "credit period" shall commence in the year the Project is placed in service or the following year) under Section 42(f) of the Code without first obtaining Bondowner Representative's written consent to Borrower's election, which consent shall not be unreasonably withheld or delayed.

7.46 Progress Reports and Annual Project Status Reports; Allocation Committee Notices. Borrower shall promptly deliver to Bondowner Representative copies of all "Progress Reports" all "Annual Project Status Reports" and all other reports delivered by Borrower to the Allocation Committee from time to time including, without limitation, those reports required by the terms and conditions of the Qualified Allocation Plan or as otherwise required under the terms of the Tax Credit Allocation Documents; such reports shall be delivered to Bondowner Representative concurrently with the delivery of the same to the Allocation Committee. Borrower shall promptly deliver to Bondowner Representative copies of all notices and/or correspondence it receives from time to time from the Allocation Committee to the extent the same relate to the Tax Credits.

7.47 Compliance with the AHAP Contract. Borrower hereby agrees to observe and comply with all provisions of the AHAP Contract. Borrower shall advise Bondowner Representative in writing promptly upon learning of any default with respect to the AHAP Contract.

7.48 Draws under City Loan and CDCLA Loan and Disbursement of Borrower's Funds. Request and receive disbursements of the entire amount of the City Loan and CDCLA Loan prior to requesting disbursements of Borrower's Funds.

7.49 **Draw Requests.** Borrower shall furnish to Bondowner Representative such statements and other financial data as Bondowner Representative shall from time to time reasonably request in writing with respect to disbursements made under the City Loan and CDCLA Loan, if any. Borrower shall deliver, or cause to be delivered, to Bondowner Representative (concurrently with the delivery of the same to the City and CDCLA, as applicable) copies of all draw requests (and accompanying back-up documentation), if any, submitted to the City or CDCLA, as applicable, with respect to disbursements made under the City Loan and CDCLA Loan, as applicable, from time to time.

8. EVENTS OF DEFAULT. The occurrence of any one or more of the following events shall constitute an “**Event of Default**” hereunder and at Bondowner Representative’s option, exercisable in its sole discretion, shall terminate any obligation of Bondowner Representative to make any Advance or disbursement of Borrower’s Funds. Upon the occurrence of an Event of Default, Bondowner Representative shall also have the option, exercisable in its sole discretion, to declare the Loan immediately due and payable, without notice of default, presentment or demand for payment, protest or notice of nonpayment or dishonor, or other notices or demand of any kind or character; provided, however, upon the occurrence of any Event of Default that, under the terms of any Loan Document or Bond Document results in the Loan becoming automatically due and payable, such occurrence shall result in automatic acceleration of payments of all principal and interest due under the Loan:

8.1 Borrower fails to (a) pay when due any sums payable under any Loan Document or Bond Document after giving effect to any express curative provisions (if any) provided herein or therein, or (b) deposit with Bondowner Representative any of Borrower’s Funds as and when required under this Agreement.

8.2 Borrower has breached, or defaulted under, any term, condition or provision contained in (a) any Loan Document that is not specifically referred to in this Section 8, (b) the Bond Regulatory Agreement or other Bond Document, or (c) any ground lease, if the Property is a leasehold estate.

8.3 Borrower or Contractor does not (a) commence construction of the Improvements within the time period required in this Agreement, (b) proceed diligently and continuously with the construction of the Improvements, or the construction of the Improvements is otherwise discontinued for a period of five consecutive Business Days or more, for any reason, or (c) complete the construction of the Improvements and cause the issuance of all licenses and permits necessary for the occupancy and use of the Improvements, on or before the Completion Date.

8.4 Any representation or warranty by Borrower or any Loan Party made hereunder or under any other Loan Document proves to be materially false or misleading.

8.5 Any person obtains an order or decree in any court of competent jurisdiction prohibiting the construction of the Improvements or Borrower or Bondowner Representative from performing this Agreement, and such order or decree is not vacated within ten days after the granting thereof.

8.6 Borrower neglects, fails or refuses to keep in full force and effect any permit or approval with respect to the construction of the Improvements or the use and occupancy thereof.

8.7 Any bonded notice to withhold in connection with the Loan is validly served on Bondowner Representative and within five (5) days of the receipt of such service (a) is not discharged, or (b) if the amount claimed is disputed in good faith by Borrower or Contractor, an appropriate counter bond or equivalent acceptable to Bondowner Representative is not provided to Bondowner Representative.

8.8 The imposition, voluntary or involuntary, of any lien or encumbrance upon the Property without Bondowner Representative's written consent, unless an adequate counter bond is provided and such lien is accordingly released within ten days of the imposition of such lien.

8.9 Bondowner Representative fails to have an enforceable first lien on or security interest in any property given as security for the Loan, except for Permitted Liens and as permitted by Bondowner Representative in writing.

8.10 An event or condition occurs or arises that materially impairs Borrower's intended use of the Property.

8.11 Borrower neglects, fails or refuses to keep in force and effect any insurance coverage required by Bondowner Representative.

8.12 Any Bond Document is amended, modified or terminated without Bondowner Representative's prior written consent.

8.13 Interest on the Bond is no longer excludable from the gross income of the holders thereof for federal income tax purposes for any reason other than Borrower being deemed to be a "substantial user" (within the meaning of Section 147(a) of the Code) of the Project or a "related person" (as defined in Section 147(a) of the Code) solely due to the fact that Bondowner Representative has a direct or indirect ownership interest in Borrower.

8.14 Borrower modifies, amends or terminates the Permanent Commitment or takes any action that might or does result in a modification, amendment, termination or expiration of the Permanent Commitment without Bondowner Representative's written consent.

8.15 The occurrence of an event of default by Borrower under the Bond Documents, the City Documents, CDCLA Documents, the AHAP Contract, the Permanent Loan when made or any Regulatory Agreement(s) (following the expiration of any curative periods set forth therein).

8.16 The failure of Borrower to comply with any of the terms and conditions of the Tax Credit Allocation Documents, the failure of Borrower to cause Project Completion to occur on or before the Completion Date, or the failure of Borrower to comply with any of the monitoring or reporting requirements set forth in the Qualified Allocation Plan.

8.17 The determination by Bondowner Representative (in its reasonable opinion) at any time that (i) paragraph (1) of Section 42(h) of the Code will apply to the allocation of the Tax Credits or (ii) Project Completion will not occur on or before the Completion Date.

8.18 The maximum amount of Tax Credits reserved by the Allocation Committee under the Preliminary Reservation is reduced by the Allocation Committee which results in a reduction of the Tax Creditor Investor's capital contributions to Borrower which, together with other financing or equity investment permitted under the Loan Documents, would prevent Borrower from repaying the Loan on or before the Maturity Date, as determined by Bondowner Representative in its reasonable discretion.

8.19 Borrower modifies, amends or terminates the AHAP Contract, City Documents or the CDCLA Documents without the prior written consent of the Bondowner Representative.

The Tax Credit Investor shall have the right to cure any default by Borrower under the Loan Documents within the time periods (if any) set forth herein for such cure and Bondowner Representative agrees to accept such cure as if cured by Borrower.

9. REMEDIES. If an Event of Default occurs under this Agreement:

9.1 Bondowner Representative may exercise any right or remedy that Bondowner Representative or Issuer has under any of the Loan Documents, or that is otherwise available at law or in equity or by statute, and all of Bondowner Representative's and Issuer's rights and remedies shall be cumulative.

9.2 Bondowner Representative shall have the right, in its sole discretion, to enter the Property and take possession of it, whether in person, by agent or by court-appointed receiver, to perform any and all work and labor necessary to complete the Improvements substantially in accordance with the Plans, and to collect rents and otherwise protect its collateral and exercise its rights and remedies under the Loan Documents. If Bondowner Representative exercises any of the rights or remedies provided in this Section, that exercise shall not make Bondowner Representative a partner or joint venturer of Borrower. All sums that are expended by Bondowner Representative in completing the Improvements or in preserving the collateral for the Loan shall be considered an additional loan to Borrower secured by the Deed of Trust and Security Documents and shall bear interest at the Default Rate.

9.3 Notwithstanding the exercise of any remedy described above or the existence of any Event of Default, Bondowner Representative, at its option, authorize Issuer to make any Advance or disburse any or all of Borrower's Funds without (a) waiving Bondowner Representative's right to demand payment of the Loan, (b) incurring liability to make any other or further Advances, and (c) waiving Bondowner Representative's right to require compliance with Borrower's covenant to correct any defect in the Improvements or departure from the Plans not approved by Bondowner Representative.

9.4 Borrower's covenants contained in Sections 11.21 and 11.22 hereof are not be secured by the Deed of Trust or the Security Documents. Further, the Loan shall not be

accelerated, foreclosure proceedings under the Deed of Trust or the Security Documents shall not be commenced and any assignment of rents contained in the Deed of Trust shall not be enforced solely as a result of a breach by Borrower of the covenants contained in Sections 11.21 or 11.22 hereof.

10. POWER OF ATTORNEY. Borrower hereby constitutes and appoints Bondowner Representative as Borrower's true and lawful attorney in fact with the power and authority, including full power of substitution upon the occurrence and during the continuance of an Event of Default, as follows:

10.1 To take possession of the Property and complete the construction of the Improvements.

10.2 To use any of Borrower's Funds and any undisbursed proceeds of the Loan for the purpose of completing the Improvements and for other costs related thereto.

10.3 To make such additions and changes and corrections in the Plans as may be necessary or desirable, as Bondowner Representative, in Bondowner Representative's sole discretion, deems proper to complete the construction of the Improvements.

10.4 To employ such contractors, subcontractors, agents, architects, engineers and inspectors as are required to complete the construction of the Improvements.

10.5 To employ security personnel to protect the Property from damage.

10.6 To pay, settle or compromise all existing bills and claims against Borrower's Funds or any undisbursed proceeds of the Loan as may be necessary or desirable or as Bondowner Representative deems proper, in Bondowner Representative's sole discretion, for the completion of the construction of the Improvements, or for the protection or clearance of title to the Property, or for the protection of Bondowner Representative's interest with respect thereto.

10.7 To prosecute and defend all actions and proceedings in connection with the construction of the Improvements.

10.8 To record any notices of completion, cessation of labor and other notices that Bondowner Representative deems necessary to protect any interest of Bondowner Representative under the provisions of this Agreement, the Deed of Trust, any of the Security Documents, or any other Loan Document.

10.9 To execute, acknowledge, and deliver all instruments and documents in the name of Borrower that may be necessary or desirable or as Bondowner Representative deems proper, in Bondowner Representative's sole discretion, and to perform any and every act with respect to the construction of the Improvements that Borrower might perform on Borrower's own behalf.

This Power of Attorney is a power coupled with an interest and cannot be revoked. Any costs or expenses incurred by Bondowner Representative in connection with any acts performed by

Bondowner Representative under or pursuant to this Section shall be paid by Borrower. If such costs are not paid by Borrower upon demand of Bondowner Representative, interest shall accrue thereon at the Default Rate. Any such advances made or costs or expenses incurred by Bondowner Representative shall be secured by the Deed of Trust and Security Documents.

11. MISCELLANEOUS.

11.1 Disclaimer. WHETHER OR NOT BONDOWNER REPRESENTATIVE ELECTS TO EMPLOY ANY OR ALL OF THE REMEDIES AVAILABLE TO BONDOWNER REPRESENTATIVE UPON THE OCCURRENCE OF AN EVENT OF DEFAULT, BONDOWNER REPRESENTATIVE SHALL NOT BE LIABLE FOR THE CONSTRUCTION OF, OR FAILURE TO CONSTRUCT, COMPLETE OR PROTECT, THE IMPROVEMENTS.

11.2 Notices. All notices, demands, requests or other communications (including communications by facsimile transmission or e-mail) provided for or allowed hereunder shall be in writing and shall be effective only if the same is delivered by personal service, mailed (postage prepaid, return receipt requested), faxed, or e-mailed to the address given with the signatures at the end of this Agreement. Any such notice shall be deemed to have been received by the addressee, (a) if mailed, on the third day following the date of such mailing, or (b) if faxed or e-mailed, upon telephone confirmation of receipt. Any party may at any time change its address for such notices by delivery or mailing the other parties to this Agreement a notice of such change.

11.3 Waivers. Any forbearance, failure or delay by Bondowner Representative in exercising any right, power or remedy shall not be deemed a waiver thereof and any single or partial exercise of any power, right or remedy shall not preclude any further exercise thereof. No waiver of or consent to any breach of any of the covenants or conditions of this Agreement or any other Loan Document shall be construed to be a waiver of or a consent to any previous or subsequent breach of the same or any other condition or covenant. No waiver or consent shall be effective under any Loan Document unless it is in writing and signed by an officer of Bondowner Representative.

11.4 Bondowner Representative's Expenses; Rights of Bondowner Representative.

11.4.1 Borrower shall promptly pay to Bondowner Representative, upon demand, with interest thereon from the date of demand at the rate applicable from time to time hereunder, reasonable attorneys' fees (including the fees and costs of Bondowner Representative's in-house counsel and legal staff) and all costs and other expenses paid or incurred by Bondowner Representative in exercising its rights or remedies provided for in this Agreement or any other Loan Document. If at any time Borrower fails to perform any of its obligations hereunder, Bondowner Representative shall have the right, but not the obligation, to perform such obligations at the expense of Borrower. The amount of any monies so expended or obligations so incurred by Bondowner Representative, together with interest thereon at the Default Rate, shall be repaid to Bondowner Representative promptly upon demand and payment thereof shall be secured by the Deed of Trust and Security Documents.

11.4.2 Bondowner Representative, and any of Bondowner Representative's representatives, shall have the right, at any time and from time to time, and without notice, to enter upon the Property, to inspect the Improvements and all materials to be used in the construction thereof and to examine the Plans and all detailed plans and shop drawings that are or may be kept at the construction site.

11.5 No Third Party. This Agreement is made for the sole benefit of Borrower, Bondowner Representative and the Issuer and each of their successors and assigns, and no other Person shall have any rights or remedies under or by reason of this Agreement or any right to exercise any right or power of Bondowner Representative hereunder or arising from any default by Borrower. Bondowner Representative shall owe no duty whatsoever to any claimant for labor performed or material furnished in connection with the construction of the Improvements nor any duty whatsoever to apply any undisbursed proceeds of the Loan to the payment of any such claim or to exercise any right or power of Bondowner Representative hereunder or arising from any default by Borrower.

11.6 Time of Essence. Time is of the essence of this Agreement and every part hereof.

11.7 Successors and Assigns. Neither this Agreement nor any right of Borrower to receive any sums, proceeds or disbursements hereunder, may be assigned, pledged, hypothecated, anticipated or otherwise encumbered by Borrower without the prior written consent of Bondowner Representative. Subject to the foregoing restriction and the restrictions contained in the Deed of Trust, this Agreement shall inure to the benefit of Bondowner Representative and Issuer and each of their successors and assigns and shall bind Borrower and Borrower's successors and assigns.

11.8 Participation or Syndication. Subject to the Trust Indenture, Bondowner Representative shall have the right, in its sole discretion, to assign all or any part of Bondowner Representative's rights in the Loan and under the Loan Documents or the Bond Documents, either through direct assignment or through participating interests. Bondowner Representative is hereby authorized to disclose to any prospective assignee or participant in the Loan any and all information regarding Borrower, any Loan Party, the Property or the Loan.

11.9 Governing Jurisdiction. This Agreement shall be governed by and construed in accordance with the laws of the state in which the Property is located.

11.10 Entire Agreement. This Agreement and all other Loan Documents and the Bond Documents constitute the entire understanding between the parties hereto with respect to the subject matter hereof, superseding all prior written or oral understandings. This Agreement and the other Loan Documents may be modified, amended or terminated only in writing signed by all parties hereto or thereto.

11.11 Joint and Several Liability. If Borrower consists of more than one Person, each shall be jointly and severally liable to Issuer and Bondowner Representative for the performance of this Agreement and the other Loan Documents.

11.12 Publicity, Signs. Borrower hereby agrees that Bondowner Representative, at Bondowner Representative's expense, may publicize the financing of the Property (including the name of Borrower) and, in connection therewith, may use the project name and address, and a description, photograph or other illustrative drawing of the Property. Borrower hereby grants Bondowner Representative the right to erect or cause to be erected Bondowner Representative's sign or signs in size and location desired by Bondowner Representative on the Property so long as such sign or signs do not interfere with the construction of the Improvements. Borrower will exercise, and will cause Contractor and subcontractors to exercise, due care to protect said sign or signs from damage.

11.13 Credit Information and Reports. Borrower authorizes Bondowner Representative to release information concerning Borrower's financial condition to suppliers, other creditors, credit bureaus and other credit reporters, and to obtain such information from any third party at any time.

11.14 Nonliability of Issuer. The Issuer shall not be obligated to pay the principal (or redemption price) of or interest on the Bond, except from Revenues and other moneys and assets received by the Trustee on behalf of the Issuer pursuant to this Agreement. Neither the faith and credit nor the taxing power of the State or any political subdivision thereof, nor the faith and credit of the Issuer or the County of Los Angeles, is pledged to the payment of the principal (or redemption price) or interest on the Bonds. The Issuer and the County of Los Angeles shall not be liable for any costs, expenses, losses, damages, claims or actions, of any conceivable kind on any conceivable theory, under or by reason of or in connection with this Agreement, the Bond or the Trust Indenture, except only to the extent amounts are received for the payment thereof from the Borrower under this Agreement.

The Borrower hereby acknowledges that the Issuer's sole source of moneys to repay the Bond will be provided by the payments made by the Borrower pursuant to this Agreement, together with investment income on certain funds and accounts held by the Trustee under the Trust Indenture, and hereby agrees that if the payments to be made hereunder shall ever prove insufficient to pay all principal (or redemption price) and interest on the Bond as the same shall become due (whether by maturity, redemption, acceleration or otherwise), then, upon notice from the Trustee, the Borrower shall pay such amounts as are required from time to time to prevent any deficiency or default in the payment of such principal (or redemption price) or interest, including, but not limited to, any deficiency caused by acts, omissions, nonfeasance or malfeasance on the part of the Trustee, the Borrower, the Issuer or any third party, subject to any right of reimbursement from the Trustee, the Issuer or any such third party, as the case may be, therefor.

It is expressly understood and agreed by the parties to this Agreement (other than the Issuer) that:

the Issuer may rely conclusively on the truth and accuracy of any certificate, opinion, notice or other instrument furnished to the Issuer by the Trustee, the Bondowner Representative, any Bondholder or the Borrower as to the existence of a fact or state of affairs required under this Agreement to be noticed by the Issuer;

the Issuer shall not be under any obligation to perform any record keeping or to provide any legal service, it being understood that such services shall be performed or caused to be performed by the Trustee, the Bondowner Representative or the Borrower, as applicable; and

none of the provisions of this Agreement shall require the Issuer or the Trustee to expend or risk its own funds or otherwise endure financial liability in the performance of any of its duties or in the exercise of any of its rights under this Agreement, unless it shall first have been adequately indemnified to its satisfaction against the costs, expenses and liabilities which may be incurred by taking any such action.

11.15 Headings. The various headings of this Agreement are included for convenience only and shall not affect the meaning or interpretation of this Agreement or any provision hereof.

11.16 Delivery of Reports. The delivery of reports, information and documents to the Issuer as provided herein is for informational purposes only and the Issuer's receipt of such shall not constitute constructive knowledge of any information contained therein or determinable from information contained therein. The Issuer shall have no duties or responsibilities except those that are specifically set forth herein, and no other duties or obligations shall be implied in this Agreement against the Issuer.

11.17 Severability. Should any one or more provisions of this Agreement be determined to be illegal or unenforceable, all other provisions nevertheless shall be effective.

11.18 Counterparts. This Agreement and each other Loan Document may be executed in two or more counterparts, each of which shall be deemed an original but taken together shall be one and the same document.

11.19 USA Patriot Act. Bondowner Representative is subject to the USA Patriot Act and hereby notifies Borrower that pursuant to the requirements of that Act, Bondowner Representative is required to obtain, verify and record information that identifies Borrower, which information includes the name and address of Borrower and other information that will allow Bondowner Representative to identify Borrower in accordance with the Act.

11.20 Exhibits. All exhibits attached hereto are incorporated herein as if fully set forth within this Agreement.

11.21 Waiver of Personal Liability. No past, present or future officer, employee or agent of the Issuer in his or her individual capacity shall be individually or personally liable for the payment of any principal (or redemption price) of or interest on the Bond or any other sum hereunder or be subject to any personal liability or accountability by reason of the execution and delivery of this Agreement; but nothing herein contained shall relieve any such member, director, officer, agent or employee from the performance of any official duty provided by law or by this Agreement.

11.22 Americans with Disabilities Act. Borrower hereby certifies that it will comply with the Americans with Disabilities Act, 42 U.S.C. 12101 et seq., and its implementing regulations and the American Disabilities Act Amendments Act (ADAAA) Pub. L. 110-325 and all subsequent amendments (the “ADA”). Borrower will provide reasonable accommodations to allow qualified individuals with disabilities to have access to and to participate in its programs, services and activities in accordance with the provisions of the ADA. Borrower will not discriminate against persons with disabilities nor against persons due to their relationship to or association with a person with a disability. Any subcontract entered into by Borrower, relating to this Agreement, to the extent allowed hereunder, shall be subject to the provisions of this Section.

[Signatures on following page]

PAGE LEFT INTENTIONALLY BLANK

IN WITNESS WHEREOF, the parties have executed this Construction Loan Agreement as of the date and year first above written.

BORROWER:

THE COURTYARD AT LA BREA, L.P.,
a California limited partnership

By: West Hollywood Community Housing Corporation,
a California nonprofit public benefit corporation,
its general partner

By: _____
Name: Robin Conerly
Title: Executive Director

Address for Notice to Borrower:

c/o West Hollywood Community Housing Corporation
Attn: Executive Director
7530 Santa Monica Blvd. Suite #1
West Hollywood, CA 90046-6407
Phone No. (323) 650-8771
Fax No. (323) 650-4745
E-mail address: rose@whchc.org

With a copy to:

Union Bank, N.A.
Attn: CDF Manager
200 Pringle Avenue, Suite 355
Walnut Creek, CA 94596
Telephone No.: (925) 947-2479
Fax No.: (925) 947-2455

[SIGNATURES CONTINUE ON FOLLOWING PAGE]

BONDOWNER REPRESENTATIVE:

UNION BANK, N.A., as Bondowner Representative

By: _____

Name: Johanna Gullick

Title: Vice President

Addresses for Notice to Bondowner Representative:

Union Bank, N.A.

Attn: Manager

Commercial Real Estate Loan Administration

145 S. State College, Suite 600

Brea, CA 92821

Fax No. (949) 553-7123

With a copy to

Union Bank, N.A.

Attn: Manager

1901 Avenue of the Stars, Suite 600

Los Angeles, CA 90067

Fax No. (310) 551-8980

E-mail address: johanna.gullick@unionbank.com

ISSUER:

THE HOUSING AUTHORITY OF THE COUNTY OF LOS ANGELES

By: _____

Name: Sean Rogan

Title: Executive Director

APPROVED AS TO FORM:

ANDREA SHERIDIN ORDIN, County Counsel

By: _____

Name: _____

Title: Deputy Attorney

Addresses for Notice to Issuer:

The Housing Authority of the County of Los Angeles
2 Coral Circle
Monterey Park, CA 91755
Attn: Pat Case and Jewel Warren-Reed
Telephone No.: (323) 890-9715
Fax No.: (323) 838-7768

JOINDER REGARDING DEVELOPMENT FEE

The undersigned hereby acknowledge and agree that the undersigned shall not be entitled to receive any of its development fee to which it is entitled from Borrower so long as any portion of the Loan referred to herein remains outstanding or undisbursed; provided, however, that not more than \$399,605 [**CHECK**] of the development fee may be disbursed prior to Closing and not more than \$1,141,727 [**CHECK**] of the development fee may be disbursed prior to Project Completion. Any portion of such development fee received by the undersigned while any amounts are outstanding or remain undisbursed under the Loan, and prior to the Permanent Closing, shall be remitted to Union Bank, N.A. to be held as additional collateral for the Loan and, upon an event of default with respect thereto, applied in reduction of amounts outstanding under the Loan in such amounts and in such order as Union Bank, N.A. shall elect in its sole and absolute discretion.

WEST HOLLYWOOD COMMUNITY HOUSING CORPORATION,
a California nonprofit public benefit corporation

By: _____
Name: Robin Conerly
Title: Executive Director

EXHIBIT A

This **Exhibit A** is attached to and a part of that certain Construction Loan Agreement dated December 1, 2011 by and among The Courtyard at La Brea, L.P., a California limited partnership, Union Bank, N.A. as Bondowner Representative and Housing Authority of the County of Los Angeles, as Issuer.

LEGAL DESCRIPTION

The Land referred to herein below is situated in the City of West Hollywood, County of Los Angeles, State of California and is described as follows:

Parcel 1:

Lot 11 of West Hollywood Boulevard Tract, in the City of West Hollywood, County of Los Angeles, State of California, as per map recorded in Book 9 Page 45 of Maps, in the Office of the County Recorder of said County.

Parcel 2:

Lot 10 of West Hollywood Boulevard Tract, in the City of West Hollywood, County of Los Angeles, State of California, as per map recorded in Book 9 Page 45 of Maps, in the Office of the County Recorder of said County.

Assessor's Parcel Number: 5531-010-009, 5531-010-010

EXHIBIT B
DISBURSEMENT SCHEDULE

This **Exhibit B** attached to and a part of that certain Construction Loan Agreement dated December 1, 2011 by and among The Courtyard at La Brea, L.P., a California limited partnership, Union Bank, N.A. as Bondowner Representative and Housing Authority of the County of Los Angeles, as Issuer (the “Agreement”). All terms not defined herein shall have the meanings given them in the Agreement.

[SEE ATTACHED]

EXHIBIT B-1
PROJECT BUDGET

This **Exhibit B-1** attached to and a part of that certain Construction Loan Agreement dated December 1, 2011 by and among The Courtyard at La Brea, L.P., a California limited partnership, Union Bank, N.A. as Bondowner Representative and Housing Authority of the County of Los Angeles, as Issuer.

EXHIBIT C
SPECIAL CONDITIONS

RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:

KUTAK ROCK LLP
1650 FARNAM STREET
OMAHA, NE 68102
ATTENTION: KARILYN E. KOBER, ESQ.

**REGULATORY AGREEMENT
AND DECLARATION OF RESTRICTIVE COVENANTS**

by and among

THE HOUSING AUTHORITY OF THE COUNTY OF LOS ANGELES,
as Issuer

and

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

and

THE COURTYARD AT LA BREA, L.P.,
as Borrower

relating to

\$7,800,000

**The Housing Authority of the County of Los Angeles
Multifamily Housing Revenue Bond
(The Courtyard at La Brea Apartments)
Series 2011B**

Dated as of December 1, 2011

TABLE OF CONTENTS

	Page
Section 1. Definitions and Interpretation	2
Section 2. Acquisition and Construction of the Project	8
Section 3. Residential Rental Property	10
Section 4. Very Low Income Tenants; Records and Reports	12
Section 5. Tax-exempt Status of the Bond.....	15
Section 6. Additional Requirements of the Act	16
Section 7. Additional Requirements of CDLAC and the Issuer	17
Section 8. Modification of Covenants	21
Section 9. Indemnification	22
Section 10. Consideration	24
Section 11. Reliance.....	24
Section 12. Project in the County of Los Angeles	24
Section 13. Sale or Transfer of the Project; Equity Interests	24
Section 14. Term.....	27
Section 15. Covenants To Run With the Land	28
Section 16. Burden and Benefit	28
Section 17. Uniformity; Common Plan	28
Section 18. Default; Enforcement.....	28
Section 19. The Trustee	30
Section 20. Recording and Filing.....	31
Section 21. Governing Law	31
Section 22. Amendments	31
Section 23. Notices	31
Section 24. Severability	32
Section 25. Multiple Counterparts	32
Section 26. Nondiscrimination and Affirmative Action	33
Section 27. Financial Obligations Personal to Borrower.....	33
Section 28. Third-party Beneficiaries	33
Section 29. Americans with Disabilities Act	33
Section 30. Limitation on Liability	34

EXHIBIT A	DESCRIPTION OF PROJECT SITE
EXHIBIT B	FORM OF CERTIFICATE OF CONTINUING PROGRAM COMPLIANCE
EXHIBIT C	FORM OF INCOME CERTIFICATION
EXHIBIT D	FORM OF ANNUAL TENANT INCOME RECERTIFICATION
EXHIBIT E	FORM OF CERTIFICATE OF CDLAC PROGRAM COMPLIANCE
EXHIBIT F	FORM OF STATISTICAL REPORT TO ISSUER
EXHIBIT G	CDLAC RESOLUTION

**REGULATORY AGREEMENT AND
DECLARATION OF RESTRICTIVE COVENANTS**

THIS REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS (this “Agreement” or this “Regulatory Agreement”) is made and entered into as of December 1, 2011 by and among **THE HOUSING AUTHORITY OF THE COUNTY OF LOS ANGELES**, a public body, corporate and politic, organized and existing under the laws of the State of California (together with any successor to its rights, duties and obligations, the “Issuer”), **U.S. BANK NATIONAL ASSOCIATION**, a national banking association in its capacity as Trustee (the “Trustee”) under the Indenture dated as of December 1, 2011 (the “Indenture”) by and among the Issuer, Union Bank, N.A. as Bondowner Representative and the Trustee, with an office in Los Angeles, California, and **THE COURTYARD AT LA BREA, L.P.**, a California limited partnership (the “Borrower”).

W I T N E S S E T H :

WHEREAS, pursuant to Chapter 1 of Part 2 of Division 24 of the Health and Safety Code of the State of California (the “Act”), the Issuer is empowered to issue bonds and other evidence of indebtedness to finance the acquisition and construction of multifamily rental housing; and

WHEREAS, on July 5, 2011, the Board of Commissioners of the Issuer indicated its intent to provide for the issuance of revenue bonds to finance a portion of the acquisition and construction of The Courtyard at La Brea Apartments, a multifamily residential rental housing project to be located in the City of West Hollywood at 1145-1151 North La Brea Avenue, as more particularly described in Exhibit A hereto (the “Project”); and

WHEREAS, on July 5, 2011 (the “Inducement Date”) the Board of Supervisors of the County of Los Angeles adopted a resolution (the “Inducement Resolution”) approving the issuance of revenue bonds to provide financing for the acquisition and construction of the Project; and

WHEREAS, on November 29, 2011 the Board of Commissioners of the County of Los Angeles adopted a resolution (the “Resolution”) authorizing the issuance of its revenue bonds to provide financing for the acquisition and construction of the Project; and

WHEREAS, in furtherance of the purposes of the Act and the Resolution, and as a part of the Issuer’s program of financing housing, the Issuer has issued \$7,800,000 aggregate principal amount of its Multifamily Housing Revenue Bond (The Courtyard at La Brea Apartments) Series 2011B (the “Bond”) the proceeds of which will be used to fund a loan (the “Loan”) to the Borrower to finance the acquisition and construction of the Project; and

WHEREAS, in order for interest on the Bond to be excluded from gross income for federal income tax purposes under the Internal Revenue Code of 1986 (the “Code”), and the income tax regulations (the “Regulations”) and rulings with respect to the Code, and in order to comply with the Law, the Act and the policies with respect to the Issuer’s housing program, the use and operation of the Project must be restricted in certain respects; and

WHEREAS, the Issuer, the Trustee and the Borrower have determined to enter into this Regulatory Agreement in order to set forth certain terms and conditions relating to the acquisition and construction of the Project and in order to ensure that the Project will be used and operated in accordance with the Code, the Act and the additional requirements of the Issuer;

NOW, THEREFORE, in consideration of the mutual covenants and undertakings set forth herein, and other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the Issuer, the Trustee and the Borrower hereby agree as follows:

Section 1. Definitions and Interpretation. Terms not otherwise defined herein shall have the meanings assigned thereto in the Indenture. The following terms shall have the respective meanings assigned to them in this Section 1 unless the context in which they are used clearly requires otherwise:

“*Act*” means Chapter 1 of Part 2 of Division 24 of the Health and Safety Code of the State of California.

“*Adjusted Income*” means the adjusted income of a person (together with the adjusted income of all persons who intend to reside with such person in one residential unit) calculated pursuant to Section 142(d)(2)(B) of the Code.

“*Affiliated Party*” means a limited or general partner or member of the Borrower, a person whose relationship with the Borrower would result in a disallowance of losses under Section 267 or 707(b) of the Code or a person who, together with the Borrower, is a member of the same controlled group of corporations (as defined in Section 1563(a) of the Code, except that “more than 50 percent” shall be substituted for “at least 80 percent” each place it appears therein).

“*Affordable Rent*” means an annual rent for a Very Low Income Unit which does not exceed 30% of the applicable maximum Adjusted Income for the Area of Very Low Income Tenants adjusted for family size using the following occupancy assumptions: studio (1 person); one bedroom (2 persons); two bedrooms (3 persons); and three bedroom (4 persons).

“*Agreement*” or “*Regulatory Agreement*” means this Regulatory Agreement and Declaration of Restrictive Covenants, as it may be amended from time to time.

“*Area*” means the Los Angeles, California Primary Metropolitan Statistical Area.

“*Authorized Borrower Representative*” means any person who, at any time and from time to time, may be designated as the Borrower’s authorized representative by written certificate furnished to the Issuer and the Trustee containing the specimen signature of such person and signed on behalf of the Borrower by or on behalf of any authorized general partner of the Borrower if the Borrower is a general or limited partnership, by any authorized managing member of the Borrower if the Borrower is a limited liability company, or by any authorized officer of the Borrower if the Borrower is a corporation, which certificate may designate an alternate or alternates, or in the event that such term shall refer to successors or assigns of the Borrower, any authorized general partner if the successor or the assignee is a general or limited partnership, any authorized managing member if the successor or assignee is a limited liability

company or any authorized officer if the successor or the assignee is a corporation. The Trustee may conclusively presume that a person designated in a written certificate filed with it as an Authorized Borrower Representative is an Authorized Borrower Representative until such time as the Borrower files with it (with a copy to the Issuer) a written certificate identifying a different person or persons to act in such capacity.

“*Bond*” means the bond authorized, authenticated and delivered under the Indenture, as defined in the recitals hereto.

“*Bond Counsel*” means an attorney at law or firm of attorneys of nationally recognized standing in matters pertaining to the validity of, and the Tax-exempt nature of interest on, obligations issued by states and their political subdivisions, selected by the Issuer and duly admitted to the practice of law before the highest court of any state of the United States of America or the District of Columbia but shall not include counsel for the Borrower or the Trustee.

“*Bond Documents*” means the Indenture, the Loan Agreement, this Regulatory Agreement, the Tax Certificate and any other document now or hereafter executed by the Borrower, Issuer, Trustee or Bondholder in connection with the Bond.

“*Bondholders*” or “*Owners*” or “*Holders*” means the party identified as the owner of the Bond on the registration books maintained by the Trustee on behalf of the Issuer.

“*Borrower*” means The Courtyard at La Brea, L.P., a California limited partnership, and its successors and assigns.

“*CDLAC*” means the California Debt Limit Allocation Committee or its successors.

“*CDLAC Conditions*” has the meaning set forth in Section 7(d) hereof.

“*Certificate of Continuing Program Compliance*” means the Certificate of Continuing Program Compliance and Statistical Report to be filed by the Borrower with the Issuer and the Trustee at the times specified in Sections 4(d) and (f) of this Regulatory Agreement, such report to contain the information set forth in and to be in substantially the form attached hereto as Exhibit B or such other form as may from time to time be prescribed by the Issuer.

“*Closing Date*” or “*Bond Closing Date*” means the date upon which the Bond is initially funded in an amount equal to at least \$50,001.

“*Code*” means the Internal Revenue Code of 1986; each reference to the Code shall be deemed to include (a) any successor internal revenue law and (b) the applicable regulations whether final, temporary or proposed under the Code or such successor law.

“*Completion Certificate*” means the certificate of completion of the Project required to be delivered to the Issuer and the Trustee by the Borrower pursuant to Section 2(h) hereof.

“*Completion Date*” means the date of the completion of the acquisition and construction of the Project, as that date shall be specified in the Completion Certificate.

“Costs of Issuance” means costs of issuing the Bond as set forth in the Indenture.

“Determination of Taxability” means either (a) refusal by the Borrower to consent to any amendment or supplement hereto or to the Indenture which, in the opinion of Bond Counsel, is necessary or advisable to maintain the exclusion of interest on the Bond from gross income for federal income tax purposes; or (b) any of (i) the enactment of applicable legislation of which the Trustee has actual knowledge, (ii) a final judgment or order of a court of original or appellate jurisdiction of which the Trustee has actual knowledge, (iii) a final ruling or decision of the Internal Revenue Service of which the Trustee has actual knowledge or (iv) the filing with the Trustee of an opinion of Bond Counsel, in each case to the effect that the interest on the Bond (other than interest on the Bond for any period during which the Bond is held by a “substantial user” of any facility financed with the proceeds of the Bond or a “related person,” as such terms are used in Section 147(a) of the Code) is includable in the gross incomes of all recipients thereof for federal income tax purposes. With respect to the foregoing, a judgment or order of a court or a ruling or decision of the Internal Revenue Service shall be considered final only if no appeal or action for judicial review has been filed and the time for filing such appeal has expired.

“Gross Income” means the gross income of a person (together with the gross income of all persons who intend to reside with such person in one residential unit) as calculated in the manner prescribed under section 8 of the United States Housing Act of 1937 (or, if such program is terminated, under such program as in effect immediately before such termination).

“Hazardous Materials” means petroleum and petroleum products and compounds containing them, including gasoline, diesel fuel and oil; explosives; flammable materials; radioactive materials; polychlorinated biphenyls (“PCBs”) and compounds containing them; lead and lead-based paint; asbestos or asbestos-containing materials in any form that is or could become friable; underground or above-ground storage tanks, whether empty or containing any substance; any substance the presence of which on the Project is prohibited by any federal, state or local authority; any substance that requires special handling and any other material or substance now or in the future that (i) is defined as a “hazardous substance,” “hazardous material,” “hazardous waste,” “toxic substance,” “toxic pollutant,” “contaminant,” or “pollutant” by or within the meaning of any Hazardous Materials Law, or (ii) is regulated in any way by or within the meaning of any Hazardous Materials Law.

“Hazardous Materials Laws” means all federal, state, and local laws, ordinances and regulations and standards, rules, policies and other governmental requirements, administrative rulings and court judgments and decrees in effect now or in the future and including all amendments, that relate to Hazardous Materials or the protection of human health or the environment and apply to Borrower or to the Project. Hazardous Materials Laws include, but are not limited to, the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. Section 9601, et seq., the Resource Conservation and Recovery Act of 1976, 42 U.S.C. Section 6901, et seq., the Toxic Substance Control Act, 15 U.S.C. Section 2601, et seq., the Clean Water Act, 33 U.S.C. Section 1251, et seq., and the Hazardous Materials Transportation Act, 49 U.S.C. Section 5101 et seq., and their state analogs.

“Housing Act” means the United States Housing Act of 1937, as amended, or its successor.

“Income Certification” means, initially, a Verification of Income in the form attached hereto as Exhibit C or in such other form as may from time to time be provided by the Issuer to the Borrower and, with respect to recertifications, the Income Certification attached hereto as Exhibit D or such other form as may, from time to time, be provided by the Issuer to the Borrower.

“Indenture” means the Indenture dated as of December 1, 2011 by and among the Issuer, Union Bank, N.A., as Bondowner Representative and the Trustee relating to the issuance of the Bond, as amended, modified, supplemented or restated from time to time.

“Inducement Date” means July 5, 2011.

“Issuer” means The Housing Authority of the County of Los Angeles, a public body, corporate and politic, organized and existing under the laws of the State of California.

“Loan” means the loan of the sale proceeds of the Bond by the Issuer to the Borrower pursuant to the Loan Agreement for the purpose of providing funds for the acquisition and construction of the Project.

“Loan Agreement” means the Construction and Permanent Loan Agreement dated as of December 1, 2011 by and among the Issuer, Union Bank, N.A. and the Borrower, as amended or supplemented from time to time.

“Net Proceeds” means the total proceeds derived from the issuance, sale and delivery of the Bond, representing the total purchase price of the Bond, including any premium paid as part of the purchase price of the Bond, but excluding the accrued interest, if any, on the Bond paid by the initial purchaser of the Bond.

“Program Monitor” means any program monitor or program monitor appointed by the Issuer to administer this Regulatory Agreement, and any successor so appointed. The initial Program Monitor shall be the Issuer.

“Project” means the Project Facilities and the Project Site.

“Project Costs” means, to the extent authorized by the Code, the Regulations, the Law and the Act, any and all costs incurred by the Borrower with respect to the acquisition and construction and the credit enhancement fees, if any, attributable to the period of, the construction of the Project, whether paid or incurred prior to or after the Inducement Date, including, without limitation, costs for site preparation, the planning of housing, related facilities and improvements, the acquisition of property, the removal or demolition of existing structures, the construction of housing and related facilities and improvements, and all other work in connection therewith, including Qualified Project Costs, and all costs of financing, including, without limitation, the cost of consultant, accounting and legal services, other expenses necessary or incident to determining the feasibility of the Project, contractors’ and developer’s overhead and supervisors’ fees and costs directly allocable to the Project, administrative and other expenses necessary or incident to the Project and the financing thereof (including reimbursement to any municipality, county or other entity or person for expenditures made, with the approval of the Issuer, for the Project).

“Project Facilities” means the buildings, structures and other improvements on the Project Site to be constructed or improved by the Borrower, and all fixtures and other property owned by the Borrower and located on, or used in connection with, such buildings, structures and other improvements constituting the Project. Project Facilities do not include retail sales facilities, commercial facilities or recreational, fitness or business facilities available to members of the general public.

“Project Site” means the parcel or parcels of real property having the street address of 1145-1151 North La Brea Avenue in the City of West Hollywood, California and totally within the County of Los Angeles, California and all rights and appurtenances thereunto appertaining, as more particularly described in Exhibit A hereto.

“Qualified Project Costs” means the Project Costs (excluding issuance costs) incurred not earlier than the date 60 days prior to the Inducement Date which either constitute land or property of a character subject to the allowance for depreciation under Section 167 of the Code, or are chargeable to a capital account with respect to the Project for federal income tax and financial accounting purposes, or would be so chargeable either with a proper election by the Borrower or but for the proper election by the Borrower to deduct those amounts; provided, however, that only such portion of the interest accrued on the Bond during the construction of the Project shall constitute Qualified Project Costs as bear the same ratio to all such interest or fees, as applicable, as the Qualified Project Costs bear to all Project Costs; and provided further that interest accruing on or after the Completion Date shall not be Qualified Project Costs; and provided finally that if any portion of the Project is being constructed by the Borrower or an Affiliated Party (whether as a general contractor or a subcontractor), “Qualified Project Costs” shall include only (a) the actual out-of-pocket costs incurred by the Borrower or such Affiliated Party in constructing the Project (or any portion thereof), (b) any reasonable fees for supervisory services actually rendered by the Borrower or such Affiliated Party (but excluding any profit component) and (c) any overhead expenses incurred by the Borrower or such Affiliated Party which are directly attributable to the work performed on the Project, and shall not include, for example, intercompany profits resulting from members of an affiliated group (within the meaning of Section 1504 of the Code) participating in the construction of the Project or payments received by such Affiliated Party due to early completion of the Project (or any portion thereof). Qualified Project Costs do not include Costs of Issuance. Notwithstanding anything herein to the contrary, no Project Costs relating to the acquisition of the Project or any assets relating thereto (including, without limitation, rights and interests with respect to development of the Project) shall constitute “Qualified Project Costs” unless, at the time Bond proceeds are expended to pay such costs, the Borrower and the seller of such assets are not “related persons” as such term is defined in Section 147(a)(2)(A) of the Code.

“Qualified Project Period” means the period beginning on the first day on which 10% of the dwelling units in the Project are first occupied and ending on the latest of (a) the date which is 15 years after the date on which 50% of the dwelling units in the Project are first occupied, (b) the first date on which no tax-exempt private activity bond (as that phrase is used in Section 142(d)(2) of the Code) issued with respect to the Project is outstanding, (c) the date on which any assistance provided with respect to the Project under Section 8 of the Housing Act terminates or (d) the date that is fifty-five (55) years from the Closing Date, as required by the CDLAC Conditions, unless CDLAC waives its condition governing the length of the Qualified

Project Period. The CDLAC Conditions apply for a period which, in some cases, exceeds the Qualified Project Period.

“*Regulations*” means the Income Tax Regulations promulgated or proposed (if deemed appropriate in the opinion of Bond Counsel) by the Department of the Treasury pursuant to the Code from time to time.

“*Tax Certificate*” means the Tax Certificate as to Arbitrage and the Provisions of Sections 103 and 141-150 of the Internal Revenue Code of 1986 dated the Closing Date, executed and delivered by the Issuer and the Borrower, as amended, modified, supplemented or restated from time to time.

“*Tax-exempt*” means, with respect to interest on any obligations of a state or local government, including the Bond, that such interest is excluded from gross income for federal income tax purposes (other than interest on the Bond for any period during which the Bond is held by a “substantial user” of any facility financed with the proceeds of the Bond or a “related person,” as such terms are used in Section 147(a) of the Code); provided, however, that such interest may be includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating other tax liabilities, including any alternative minimum tax or environmental tax, under the Code.

“*Trustee*” means U.S. Bank National Association, in its capacity as Trustee under the Indenture, together with its successors and assigns.

“*Very Low Income Tenant*” means a tenant whose Adjusted Income does not exceed limits determined in a manner consistent with determinations of low income families under Section 8 of the Housing Act, except that the percentage of median gross income that qualifies as lower income shall be 50% of median gross income for the Area with adjustments for family size. Except as otherwise provided herein, the occupants of a unit in the Project shall not be considered to be Very Low Income Tenants if all the occupants of a unit are students (as defined in Section 152(f)(2) of the Code) and any one of those students is not (1) a single parent living with his/her children; (2) a student receiving assistance under Title IV of the Social Security Act (Temporary Assistance for Needy Families); (3) a student enrolled in a job training program receiving assistance under the Job Training Partnership Act or under other similar Federal, State, or local laws; (4) a student who was previously under the care and placement responsibility of a foster care program (under part B or E of Title IV of the Social Security Act) or (5) a student who is married and files a joint return. Single parents described in (1) above may not be dependents of another individual and their children may not be dependents of another individual other than their parents. The determination of a tenant’s status as a Very Low Income Tenant shall be made by the Borrower upon initial occupancy of a unit in the Project by such Tenant and annually thereafter and at any time the Borrower has knowledge that the number of occupants in that unit has increased, on the basis of an Income Certification executed by the tenant.

“*Very Low Income Units*” means the units in the Project required to be rented to, or held available for occupancy by, Very Low Income Tenants pursuant to Sections 4(a), 4(b) and 7(a) hereof.

Unless the context clearly requires otherwise, as used in this Regulatory Agreement, words of the masculine, feminine or neuter gender shall be construed to include each other gender and words of the singular number shall be construed to include the plural number, and vice versa. This Regulatory Agreement and all the terms and provisions hereof shall be construed to effectuate the purposes set forth herein and to sustain the validity hereof.

The defined terms used in the preamble and recitals of this Regulatory Agreement have been included for convenience of reference only, and the meaning, construction and interpretation of all defined terms shall be determined by reference to this Section I, notwithstanding any contrary definition in the preamble or recitals hereof. The titles and headings of the sections of this Regulatory Agreement have been inserted for convenience of reference only, and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof or be considered or given any effect in construing this Regulatory Agreement or any provisions hereof or in ascertaining intent, if any question of intent shall arise.

Section 2. Acquisition and Construction of the Project. The Borrower hereby represents as of the date hereof, covenants and agrees with the Issuer and the Trustee as follows:

(a) The Borrower has incurred, or will incur within six months after the Closing Date, a substantial binding obligation to commence the acquisition and construction of the Project, pursuant to which the Borrower is or will be obligated to expend at least 5% of the proceeds of the Loan financed from proceeds of the Bond.

(b) The Borrower's reasonable expectations respecting the total cost of the acquisition and construction of the Project are accurately set forth in the Borrower Cost Certificate submitted to the Issuer on the Closing Date.

(c) The Borrower has acquired the Project Site and will, within six months following the Bond Closing Date, commence the construction of the Project and will proceed with due diligence to complete the same. Notwithstanding anything herein to the contrary, no Project Costs relating to the acquisition of the Project or any assets relating thereto (including, without limitation, rights and interests with respect to development of the Project) shall constitute "Qualified Project Costs" unless, at the time Bond proceeds are expended to pay such costs, the Borrower and the seller of such assets are not "related persons" as such term is defined in Section 147(a)(2)(A) of the Code. The Borrower reasonably expects to complete the acquisition and construction of the Project and to expend the full amount of the proceeds of the Loan for Project Costs prior to the date which is 30 months after the Closing Date.

(d) The Borrower agrees that the full amount of each disbursement of Bond proceeds pursuant to the Indenture and the Loan Agreement will be applied to pay or to reimburse the Borrower for the payment of Project Costs and that, after taking into account each such disbursement, (i) the aggregate disbursements of Bond Proceeds will have been applied to pay or to reimburse the Borrower for the payment of Qualified Project Costs in an aggregate amount equal to 97% or more of the aggregate disbursements of the Loan; provided, however, that if the Borrower provides the Trustee

with an opinion of Bond Counsel to the effect that the Tax-exempt status of interest on the Bond will not be adversely affected if less than the aforesaid percentage, but not less than 95%, is disbursed for such purpose, then the certificate may refer to such lesser percentage as may be specified by Bond Counsel; and (ii) less than 25% of the proceeds of the Loan expended relative to the Project Site will be disbursed to pay or to reimburse the Borrower for the cost of acquiring land or rights with respect to land relative to the Project Site.

(e) On the Completion Date of the Project, the Borrower will submit to the Issuer and the Trustee a duly executed and completed Completion Certificate as provided in Section 2(h) hereof.

(f) No proceeds of Bond will be used to pay or reimburse any cost (i) incurred more than sixty days prior to the Inducement Date, or (ii) incurred more than three years prior to such payment or reimbursement. Any allocation of Bond proceeds to the reimbursement of previously incurred costs shall be made not later than 18 months after the later of (i) the date the original expenditure was paid or (ii) the date the Project is placed in service or abandoned. The acquisition, construction and equipping of the Project by the Borrower commenced less than 60 days prior to the Inducement Date, and as of 60 days prior to the Inducement Date (A) neither the Borrower nor any related person (as such phrase is used in Section 142(d)(2) of the Code) had made any expenditure in connection with the acquisition, construction or equipping of the Project, (B) no on-site work had been commenced by the Borrower or any related person in connection with the construction of the Project, and (C) no off-site fabrication of any portion of the Project had been commenced by the Borrower or any related person. The Project consists, and shall at all times consist, of property which is land or is subject to the allowance for depreciation provided in Section 167 of the Code.

(g) The Borrower (and any Affiliated Party) will not take or omit to take, as is applicable, any action if such action or omission would in any way cause the proceeds from the Loan to be applied in a manner contrary to the requirements of this Regulatory Agreement, nor will it take or omit to take any such action if the Borrower (or any Affiliated Party) knows that such action or omission may cause the proceeds from the sale of the Bond to be applied in a manner contrary to the Indenture, the Loan Agreement, the Law, the Act or the Code.

(h) The Borrower shall, on the Completion Date, evidence the Completion Date by providing a Completion Certificate to the Trustee and the Issuer, signed by the Authorized Borrower Representative, stating the total cost of the Project and identifying the total acquisition cost (which shall specify the costs attributable to land and the costs attributable to buildings) and the total Qualified Project Costs and further stating that (A) construction of the Project has been completed substantially in accordance with the plans, specifications and work orders therefor, and all labor, services, materials and supplies used in construction have been paid for and (B) all other facilities necessary in connection with the Project have been acquired, constructed and installed substantially in accordance with the work write-up and work orders therefor and all costs and expenses incurred in connection therewith have been paid. Notwithstanding the foregoing, such

certificate may state that it is given without prejudice to any rights of the Borrower against third parties for the payment of any amount not then due and payable which exist at the date of such certificate or which may subsequently exist.

(i) The foregoing certificate evidencing the Completion Date shall be delivered to the Trustee no later than the date 36 months from the Closing Date unless the Borrower delivers to the Trustee a certificate of the Issuer consenting to an extension of such date, accompanied by an opinion of Bond Counsel to the effect that such extension will not result in interest on the Bond being included in gross income for federal income tax purposes. The Borrower agrees to spend additional moneys for payment of any costs of the Project sufficient to reduce the portion of Bond proceeds (A) spent on land by the Borrower relative to the Project Site to an amount that is less than 25% of the amount of Bond proceeds spent by the Borrower relative to the Project Site for all purposes and (B) spent on costs of the Project paid or incurred by or on account of the Borrower or any Related Person on or after the date 60 days prior to the Inducement Date and chargeable to the capital account of the Project (or so chargeable either with a proper election by the Borrower to deduct such amounts, within the meaning of Treasury Regulation 1.103-8(a)(1)) so that the amount of Bond proceeds expended on such costs of the Project are at least 97% of the amount of Bond proceeds spent for all purposes related to the Project, except that, upon receipt by the Borrower, the Trustee and the Issuer of an approving opinion of Bond Counsel, the percentage of such amounts so used may be 95%.

(i) No Bond proceeds shall be expended to acquire any structures other than buildings within the meaning of Section 147(d) of the Code.

Section 3. Residential Rental Property. The Borrower hereby acknowledges and agrees that the Project is to be owned, managed and operated as a “qualified residential rental project” (within the meaning of Section 142(d) of the Code) for a term equal to the Qualified Project Period. To that end, and for the Qualified Project Period, the Borrower hereby represents, covenants, warrants and agrees as follows:

(a) The Project Facilities will be developed for the purpose of providing multifamily residential rental property, and the Borrower will own, manage and operate the Project Facilities as a project to provide multifamily residential rental property comprising a building or structure or several interrelated buildings or structures, together with any functionally related and subordinate facilities, and no other facilities in accordance with Section 142(d) of the Code and Section 1.103-8(b) of the Regulations, the Law and the Act, and in accordance with such requirements as may be imposed thereby on the Project from time to time. For purposes of this Subsection 3(a), the term “functionally related and subordinate facilities” includes facilities for use by the tenants (for example, swimming pools, other recreational facilities and parking areas) and other facilities which are reasonably required for the Project, for example, heating and cooling equipment, trash disposal equipment and units for resident managers and maintenance personnel. Substantially all of the Project will contain such units and functionally related and subordinate facilities.

(b) All of the dwelling units in the Project will be similarly constructed units, and each Very Low Income Unit in the Project will contain complete separate and distinct facilities for living, sleeping, eating, cooking and sanitation for a single person or a family, including a sleeping area, bathing and sanitation facilities and cooking facilities equipped with a cooking range and oven, a sink and a refrigerator.

(c) None of the dwelling units in the Project will at any time be utilized on a transient basis or will ever be used as a hotel, motel, dormitory, fraternity house, sorority house, rooming house, nursing home, hospital, sanitarium, rest home or trailer court or park. Notwithstanding the foregoing, single-room occupancy units provided under Section 42(i)(3)(B)(iv) of the Code shall not be considered to be utilized on a transient basis.

(d) No part of the Project will at any time be owned by a cooperative housing corporation, nor shall the Borrower take any steps in connection with a conversion to such ownership or uses. Other than filing a condominium map and a final subdivision map on the Project and obtaining a Final Subdivision Public Report from the California Department of Real Estate, the Borrower shall not take any steps in connection with a conversion of the Project to condominium ownership during the Qualified Project Period.

(e) All of the dwelling units will be available for rental on a continuous basis to members of the general public, and the Borrower will not give preference to any particular class or group in renting the dwelling units in the Project, except to the extent that dwelling units are required to be leased or rented to Very Low Income Tenants and except as further provided in any regulatory agreement executed between the Borrower and a subordinate lender (including the Issuer) in connection with the Project and except to the extent the Borrower gives preference to a class of persons permitted to be given preference pursuant to the Code, State law and other applicable federal law.

(f) The Project Site consists of a parcel or parcels that are contiguous except for the interposition of a road, street or stream, and all of the Project Facilities comprise a single geographically and functionally integrated project for residential rental property, as evidenced by the ownership, management, accounting and operation of the Project.

(g) No dwelling unit in the Project shall be occupied by the Borrower; provided, however, that if the Project contains five or more dwelling units, this subsection shall not be construed to prohibit occupancy of not more than one dwelling unit by one or more resident managers or maintenance personnel any of whom may be the Borrower.

(h) The Project shall be maintained in conformity with the habitability and fire codes of the City of West Hollywood and the County of Los Angeles.

(i) The Project shall be managed in a manner consistent with prudent property management standards and in compliance with all state and local laws, ordinances and regulations relating thereto.

(j) Should involuntary noncompliance with the provisions of Treasury Regulations Section 1.103-8(b) be caused by fire, seizure, requisition, foreclosure, transfer of title by deed in lieu of foreclosure, change in a federal law or an action of a federal agency after the Closing Date which prevents the Issuer from enforcing the requirements of the Regulations, or condemnation or similar event, the Borrower covenants that, within a “reasonable period” determined in accordance with the Regulations, and subject to the provisions of the Indenture and the Loan Agreement, it will either prepay the Loan or apply any proceeds received as a result of any of the preceding events to reconstruct the Project to meet the requirements of Section 142(d) of the Code and the Regulations.

(k) Within 30 days after the date on which: (i) 10% of the dwelling units in the Project are first occupied; and (ii) 50% of the dwelling units in the Project are first occupied, the Borrower shall deliver to the Issuer and the Trustee a written notice specifying each such date. The Borrower shall cause a copy of each such notice to be recorded in the Official Records of the County of Los Angeles, California.

Section 4. Very Low Income Tenants; Records and Reports. Pursuant to the requirements of the Code and the Issuer, the Borrower hereby represents, warrants and covenants as follows:

(a) The Project will be developed for the purpose of providing multifamily residential rental property, and the Borrower will own, manage and operate the Project as a project to provide multifamily residential rental property comprising a building or structure or several interrelated buildings or structures, together with any functionally related and subordinate facilities, and no other facilities in accordance with the Law and the Act, and in accordance with such requirements as may be imposed thereby on the Project from time to time. Within 30 days after each of (i) the date on which 10% of the dwelling units in the Project are occupied and (ii) the date on which 50% of dwelling units in the Project are occupied, the Borrower shall execute and deliver to the Issuer, the Trustee and the Bondowner Representative, a certificate identifying such dates and the beginning date and earliest ending date of the Qualified Project Period. The Borrower shall use its best efforts to record a copy of such certificates in the Office of the County Recorder of the County of Los Angeles, California.

(b) Commencing on the first day of the Qualified Project Period, Very Low Income Tenants shall occupy at least 20% of all completed and occupied units in the Project (excluding units occupied by property managers) before any additional units are occupied by persons who are not Very Low Income Tenants; and for the Qualified Project Period no less than 20% of the total number of completed units of the Project shall at all times be rented to and occupied by Very Low Income Tenants. For the purposes of this paragraph (b), a vacant unit which was most recently occupied by a Very Low Income Tenant is treated as rented and occupied by a Very Low Income Tenant until reoccupied, other than for a temporary period of not more than 31 days, at which time the character of such unit shall be redetermined. In determining whether the requirements of this subsection (b) have been met, fractions of units shall be treated as entire units.

(c) No tenant qualifying as a Very Low Income Tenant shall be denied continued occupancy of a unit in the Project because, after admission, such tenant's Adjusted Income increases to exceed the qualifying limit for Very Low Income Tenants; provided, however, that should a Very Low Income Tenant's Adjusted Income, as of the most recent determination thereof, exceed 140% of the then applicable income limit for a Very Low Income Tenant of the same family size, the next available unit of comparable or smaller size must be rented to (or held vacant and available for immediate occupancy by) a Very Low Income Tenant; and provided further that, until such next available unit is rented to a tenant who is not a Very Low Income Tenant, the former Very Low Income Tenant who has ceased to qualify as such shall be deemed to continue to be a Very Low Income Tenant for purposes of the 20% requirement of paragraph (b) of this Section 4 (if applicable). If the Project consists of more than one building, this requirement shall apply on a building-by-building basis.

(d) The Borrower will obtain, complete and maintain on file Income Certifications from each Very Low Income Tenant, including (i) an Income Certification dated immediately prior to the initial occupancy of such Very Low Income Tenant in the Project and, in the case of tenants residing in the Project as of the date of acquisition thereof (if applicable), dated immediately prior to the disbursement of Bond proceeds to fund acquisition and construction of the Project and (ii) thereafter, annual Income Certifications dated as of the anniversary date of each initial Income Certification. The Borrower will obtain such additional information as may be required in the future by the State of California, by the Issuer and by Section 142(d) of the Code, as the same may be amended from time to time, or in such other form and manner as may be required by applicable rules, rulings, policies, procedures, Regulations or other official statements now or hereafter promulgated, proposed or made by the Department of the Treasury or the Internal Revenue Service with respect to obligations which are Tax-exempt under Section 142(d) of the Code. A copy of the most recent Income Certification for Very Low Income Tenants commencing or continuing occupation of a Very Low Income Unit (and not previously filed with the Issuer) shall be attached to the Certificate of Continuing Program Compliance which is to be filed with the Issuer no later than the fifteenth day of each month until such report indicates compliance with Section 4(b) and thereafter on the thirtieth day of the first month of each calendar quarter until the end of the Qualified Project Period. The Borrower shall make a good-faith effort to verify that the income information provided by an applicant in an Income Certification is accurate by obtaining the acceptable forms of verification enumerated in Chapter 3 of the most current, amended edition of HUD Handbook 4350.3, or such instruction by HUD that may supersede this handbook, and any additional documentation that the Issuer shall deem relevant, such as the two most recent years' tax returns or other forms of independent verification satisfactory to the Issuer.

(e) The Borrower will use its best efforts to maintain complete and accurate records pertaining to the Very Low Income Units, and will with reasonable notice permit any duly authorized representative of the Issuer, the Trustee, the Department of the Treasury or the Internal Revenue Service to inspect the books and records of the Borrower pertaining to the Project during regular business hours, including those records pertaining to the occupancy of the Very Low Income Units.

(f) The Borrower will prepare and submit to the Issuer, the Program Monitor, if applicable, and the Trustee, no later than the [thirtieth] day of [the first month of each calendar quarter] following the receipt by the Trustee of the Completion Certificate to and including the calendar quarter in which such report indicates that 20% of the occupied units are occupied by Very Low Income Tenants, and thereafter no later than the thirtieth day of [the first month of each calendar quarter], until the end of the Qualified Project Period, a Certificate of Continuing Program Compliance executed by the Borrower stating (i) the percentage of the dwelling units of the Project which were occupied or deemed occupied, pursuant to paragraph (b) of this Section 4, by Very Low Income Tenants during such period; (ii) that either (A) no unremedied default has occurred under this Regulatory Agreement, or (B) a default has occurred, in which event the certificate shall describe the nature of the default in detail and set forth the measures being taken by the Borrower to remedy such default; and (iii) that, to the knowledge of the Borrower, no Determination of Taxability has occurred, or if a Determination of Taxability has occurred, setting forth all material facts relating thereto.

(g) On or before each February 15 during the Qualified Project Period, the Borrower will submit to the Issuer a draft of the completed Internal Revenue Service Form 8703 or such other annual certification required by the Code to be submitted to the Secretary of the Treasury as to whether the Project continues to meet the requirements of Section 142(d) of the Code. On or before each March 31 during the Qualified Project Period the Borrower will submit such completed form to the Secretary of the Treasury, regardless of whether or not the Issuer has responded to such draft.

(h) Subject to the requirements of any Section 8 Housing Assistance Payments Contract with respect to the Project, each lease or rental agreement pertaining to a Very Low Income Unit shall contain a provision that the tenant acknowledges that Borrower has relied on the income certification and supporting information supplied by the Very Low Income Tenant in determining qualification for occupancy of the Very Low Income Unit and that any material misstatement in such certification (whether or not intentional) will be cause for immediate termination of such lease or rental agreement. Each such lease or rental agreement shall also provide that the tenant agrees that tenant's income is subject to annual certification in accordance with Section 4(c) hereof and to recertification if the number of occupants in the units changes for any reason (other than the birth of a child to an occupant of such unit) and that if upon any such certification such tenant's Adjusted Income exceeds 140% of the then applicable income limit for a Very Low Income Tenant of the same family size, such tenant may cease to qualify as a Very Low Income Tenant, and such tenant's rent is subject to increase. Notwithstanding anything in this Section 4(h) to the contrary, such tenant's rent may be increased only pursuant to Section 7(l) hereof. All leases pertaining to Very Low Income Units shall contain clauses, among others, wherein each tenant who occupies a Very Low Income Unit: (i) certifies the accuracy of the statements made in the verification of income; (ii) agrees that the family income and other eligibility requirements shall be deemed substantial and material obligations of the tenancy of such tenant, that such tenant will comply promptly with all requests for information with respect thereto from the Borrower, the Trustee or the Issuer or the Program Monitor on behalf of the Issuer, and that the failure to provide accurate information in the verification of income or refusal to

comply with a request for information with respect thereto shall be deemed a violation of a substantial obligation of the tenancy of such tenant.

Section 5. Tax-exempt Status of the Bond. The Borrower and the Issuer make the following representations, warranties and agreements for the benefit of the holder of the Bond from time to time:

(a) The Borrower and the Issuer will not knowingly take or permit actions within their control, or omit to take or cause to be taken, as is appropriate, any action that would adversely affect the Tax-exempt nature of the interest on the Bond and, if either should take or permit, or omit to take or cause to be taken, any such action, it will take all lawful actions necessary to rescind or correct such actions or omissions promptly upon obtaining knowledge thereof, provided that the Borrower shall not have violated these covenants if the interest on the Bond becomes taxable to a person solely because such person is a “substantial user” of the Project or a “related person” within the meaning of Section 147(a) of the Code.

(b) The Borrower and the Issuer will take such action or actions as may be necessary, in the written opinion of Bond Counsel filed with the Issuer and the Trustee, with a copy to the Borrower, to comply fully with all applicable rules, rulings, policies, procedures, Regulations or other official statements promulgated, proposed or made by the Department of the Treasury or the Internal Revenue Service pertaining to obligations the interest on which is Tax-exempt under Section 142(d) of the Code.

(c) The Borrower and the Issuer will file or record such documents and take such other steps as are necessary, in the written opinion of Bond Counsel filed with the Issuer and the Trustee, with a copy to the Borrower, in order to insure that the requirements and restrictions of this Regulatory Agreement will be binding upon all owners of the Project, including, but not limited to, the execution and recordation of this Regulatory Agreement in the real property records of the County of Los Angeles.

(d) The Borrower will not knowingly enter into any agreements which would result in the payment of principal or interest on the Bond being “federally guaranteed” within the meaning of Section 149(b) of the Code.

(e) Subject to Section 14 hereof, the Borrower hereby covenants to include the requirements and restrictions contained in this Regulatory Agreement in any documents transferring any interest in the Project prior to the expiration of the Qualified Project Period to another person to the end that such transferee has notice of, and is bound by, such restrictions, and to obtain the agreement from any transferee to abide by all requirements and restrictions of this Regulatory Agreement; provided, however, that so long as any former Borrower has no remaining interest in the Project, such former Borrower shall have no obligation to monitor such transferee’s compliance with such restrictions, and such former Borrower shall incur liability if such transferee fails to comply with such restrictions only in proportion to its then remaining interest.

Section 6. Additional Requirements of the Act. In addition to the requirements set forth in Sections 2 through 5, and without limiting any additional requirements in Section 7, during the Qualified Project Period, the Borrower and the Issuer hereby agree to comply with each of the requirements of the Act, and, without limiting the foregoing, the Borrower hereby specifically agrees to comply with each of the requirements set forth in this Section 6, as follows:

(a) The rental payments for the Very Low Income Units paid by the tenants thereof (excluding any supplemental rental assistance from the State, the federal government or any other public agency to those tenants or on behalf of those units) shall not exceed Affordable Rents.

(b) The Borrower shall accept as tenants, on the same basis as all other prospective tenants, very low-income persons who are recipients of federal certificates or vouchers for rent subsidies pursuant to the existing program under Section 8 of the Housing Act. The Borrower shall not permit any selection criteria to be applied to Section 8 certificate or voucher holders that is more burdensome than the criteria applied to all other prospective tenants.

(c) No tenant residing in a unit reserved as required by subsection (a) of this Section shall be denied continued occupancy of a unit in the Project because, after admission, such tenant's Gross Income increases to exceed the qualifying limit for Very Low Income Tenants. However, should the Gross Income of a tenant residing in a reserved unit increase to exceed the qualifying limit, the next available unit must be rented to (or held vacant and available for immediate occupancy by) a tenant whose income satisfies the requirement of Section 4(b) hereof. Until such next available unit is rented to a qualified tenant, the former Very Low Income Tenant who has ceased to qualify as such shall be deemed to continue to be a Very Low Income Tenant for purposes of the requirement of Section 4(b) hereof.

(d) The units reserved for occupancy as required by subsection (a) of this Section shall remain available on a priority basis for occupancy at all times during the Qualified Project Period.

(e) Following the expiration or termination of the Qualified Project Period, except in the event of foreclosure and redemption of the Bonds, deed in lieu of foreclosure, eminent domain, or action of a federal agency preventing enforcement, units reserved for occupancy as required by subsection 7(a) of this Regulatory Agreement shall remain available to any eligible tenant occupying a reserved unit at the date of such expiration or termination, at the rent determined by subsection (b) of this Section, until the earliest of (1) the household's income exceeds 140% of the maximum eligible income specified above, (2) the household voluntarily moves or is evicted for good cause, as defined in the Act, (3) 30 years after the date of the commencement of the Qualified Project Period, or (4) the Borrower pays the relocation assistance and benefits to households as provided in Section 7264(b) of the California Government Code.

(f) The covenants and conditions of this Regulatory Agreement shall be binding upon successors in interest of the Borrower. Notwithstanding Section 1461 of

the California Civil Code, the provisions hereof shall run with the land and may be enforced either in law or in equity by any resident, local agency, entity or any other person adversely affected by the Borrower's failure to comply with this Regulatory Agreement.

(h) This Regulatory Agreement shall be recorded in the office of the county recorder of the County of Los Angeles and shall be recorded in the grantor-grantee index to the names of the Borrower as grantor and to the name of the Issuer as grantee.

Section 7. Additional Requirements of CDLAC and the Issuer. In addition to, and not in derogation of, the requirements set forth in the preceding and following sections of this Regulatory Agreement, each of which is hereby incorporated in this Section as a specific requirement of CDLAC and the Issuer, whether or not required by California or federal law, the Borrower represents, warrants, covenants and agrees as follows:

(a) The Borrower shall promptly provide to the Issuer such information with respect to the Project or the Bond as the Issuer shall from time to time request. The Borrower shall provide written notice to the Issuer of receipt of a certificate of occupancy or other official authorization to occupy the Project immediately upon receipt.

(b) The Very Low Income Units shall be of comparable quality to all other units in the Project, shall be dispersed throughout the Project, and shall offer a range of size and number of bedrooms comparable to those units which are available to other tenants; and Very Low Income Tenants shall have access to and enjoyment of all common areas and facilities of the Project on the same basis as tenants of other units.

(c) The Borrower agrees that it will not discriminate in the rental of units or in its employment practices against any employee or applicant for employment because of the applicant's race, religion, national origin, ancestry, sex, age, sexual orientation, disability, marital status, domestic partner status or medical condition. All contracts entered into by the Borrower which relate to the Project shall contain a like provision.

(d) The Borrower shall comply with the conditions set forth in Exhibit A to CDLAC Resolution No. 11-114, adopted on September 28, 2011 (the "CDLAC Conditions"), as they may be modified or amended from time to time, which conditions are incorporated herein by reference and made a part hereof and are attached hereto as part of Exhibit G. Following completion of the construction of the Project, the Borrower will prepare and submit to CDLAC, not later than each anniversary of the Closing Date, until the end of the Qualified Project Period, a Certificate of CDLAC Program Compliance, in substantially the form attached hereto as Exhibit E, executed by an Authorized Borrower Representative. Notwithstanding anything to the contrary herein, the provisions of this Section 7(d) shall remain effective for the period specified in the CDLAC Conditions, unless this Regulatory Agreement shall terminate as otherwise provided in Section 14 hereof. The Issuer and the Program Monitor shall have no obligation, but may, at their sole discretion, choose to monitor the Borrower's compliance with the CDLAC Conditions.

(e) For the Qualified Project Period, the Borrower will comply with the provisions of the Unruh Civil Rights Act, including, without limitation, Sections 51.2 and 51.3 of the California Civil Code, as amended.

(f) The lease to be utilized by the Borrower in renting any residential units in the Project to Very Low Income Tenants shall provide for termination of the lease and consent by such person to immediate eviction, subject to applicable provisions of California law, for any tenant who fails to qualify as a Very Low Income Tenant and who has made a material misrepresentation on the Income Certification as to such tenant's qualification as a Very Low Income Tenant. All such leases shall contain clauses, among others, wherein each individual lessee (i) certifies the accuracy of the statements made in the Income Certification and (ii) agrees that the family income, family composition and other eligibility requirements shall be deemed substantial and material obligations of his tenancy; that he will comply promptly with all requests for information with respect thereto from the Borrower or the Issuer; and that his failure to provide accurate information in the Income Certification or refusal to comply with a request for information with respect thereto shall be deemed a violation of a substantial obligation of his tenancy and shall be a default thereunder. Additionally, such lease shall contain provisions informing any tenant of the possibility of rental payment increases in accordance with the terms of this Regulatory Agreement.

(g) All Income Certifications will be maintained on file at the Project or, with the prior written consent of the Issuer, at the principal place of business of the Borrower or the property manager of the Project, so long as this Regulatory Agreement is in effect and for five years thereafter with respect to each Very Low Income Tenant who occupied a residential unit in the Project during the Qualified Project Period.

(h) The Borrower will accept as tenants, on the same basis as all other prospective tenants, persons who are recipients of federal certificates for rent subsidies pursuant to the existing program under Section 8 of the Housing Act, or its successor. The Borrower shall not apply selection criteria to Section 8 certificate or voucher holders that are more burdensome than criteria applied to all other prospective tenants.

(i) The Borrower shall submit to the Issuer, the Program Monitor, if applicable, and the Trustee (i) at the times specified in Sections 4(d) and (f) herein, a Certificate of Continuing Program Compliance, which shall include the information called for therein, including occupancy records for all units in the Project, and (ii) within 15 days after receipt of a written request, any other information or completed forms requested by the Issuer, in each case, in order to comply with reporting requirements of the Internal Revenue Service or the State of California, including, without limitation, information necessary for the Issuer to file any periodic report, or any other information concerning the Project as the Issuer may reasonably request.

(j) The Issuer may, at its option and at its expense, at any time appoint a Program Monitor to administer this Regulatory Agreement and to monitor performance by the Borrower of the terms, provisions and requirements hereof. Following any such appointment, the Borrower shall comply with any request by the Issuer to deliver to such

Program Monitor, in addition to or instead of the Issuer, any reports, notices or other documents required to be delivered pursuant hereto, and upon reasonable notice to the Borrower to make the Project and the books and records with respect thereto available for inspection during regular business hours by such Program Monitor as an agent of the Issuer.

(k) If upon the annual certification or recertification required in Section 4(d) a tenant's Adjusted Income exceeds 140% of the then applicable income limit for a Very Low Income Tenant of the same family size, all rental limits herein previously applicable to the unit occupied for such tenant shall continue to apply until the next available unit is rented to a tenant who is a Very Low Income Tenant.

(l) There are three points in time when the Borrower is required to give written notice to all tenants of Very Low Income Units:

(i) Upon initial move-in/lease execution, Borrower shall give written notice to all tenants of Very Low Income Units, of the duration of the rent restrictions under this Regulatory Agreement. Borrower must maintain, in its files, a copy of each notice containing each tenant's signed acknowledgement of the notice required hereunder. The notice shall, at the least, contain language that the rent restrictions under this Regulatory Agreement shall be for the term specified herein. Upon termination of the rent restriction period under this Regulatory Agreement, rents may be set at a market rates unless otherwise restricted by some other legal, regulatory, or contractual requirement.

(ii) Twelve months prior to the termination of the rent restriction period under this Regulatory Agreement, Borrower must give written notice to its tenants of the termination of the restrictions on the Very Low Income Units before their rents may be raised to market rent levels.

(iii) Ninety days prior to the termination of the rent restriction period under this Regulatory Agreement, Borrower must again give written notice to its tenants of the termination of the restrictions on the Very Low Income Units before their rents may be raised to market rent levels.

(m) The Borrower shall pay to the Issuer an initial fee equal to [\$9,750] (0.125% of the maximum principal amount of the Bond) on or prior to the Closing Date. The Borrower shall also pay on the Closing Date and annually in advance on the anniversary date of the date of issuance of the Bond an amount equal to 0.125% of maximum original principal amount of the Bond for the term of the Qualified Project Period. Such annual fee shall be paid, at the option of the Borrower, with the written approval of the Issuer, to (i) the Trustee or other fiduciary agent approved in writing by the Issuer, in equal monthly installments pursuant to the Loan Agreement for annual payment to the Issuer as set forth above, while the Bond is Outstanding and (ii)(A) to the Issuer, on the date of final payment of the Outstanding principal amount of the Bond prior to the end of the Qualified Project Period in an amount equal to the present value of the remaining Issuer's Ongoing Fee payable hereunder, as calculated by the Issuer, using

a discount rate equal to the yield on the Bond at the time of such prepayment or (B) from and after the date on which no Bond principal remains Outstanding and prior to the end of the Qualified Project Period, to the Trustee or other fiduciary agent approved in writing by the Issuer, in equal monthly installments pursuant to the Loan Agreement for annual payment to the Issuer. Any prepayment described in (ii)(A) above shall be limited as necessary in the opinion of Bond Counsel to prepare the exclusion of interest on the Bond from gross income for federal income tax purposes. The Borrower shall also pay as due any Trustee or other fiduciary agent fees related to the collection of amounts pursuant to (ii)(B) above. The Borrower shall also pay to the Issuer, within thirty (30) days after receipt of request for payment thereof from the Issuer, all reasonable out-of-pocket expenses of the Issuer (not including salaries and wages of Issuer employees) related to the Project and the financing thereof that are not otherwise required to be paid by the Borrower under the terms of this Regulatory Agreement or the Loan Agreement, including, without limitation, reasonable legal fees and expenses incurred in connection with the interpretation, performance, enforcement or amendment of any documents relating to the Project, the Loan or the Bond. Notwithstanding any prepayment of the Loan and notwithstanding a discharge of the Bond, the Borrower shall continue to pay (or, to the extent allowed under the Code, may prepay the present value at such time, computed based on a discount rate equal to the yield on the United States Treasury security maturing on the date nearest the end of the Qualified Project Period) the Issuer's fees, unless such prepayment is made in connection with a refunding of the Bonds. Notwithstanding any prepayment of the Loan and notwithstanding a discharge of the Indenture, the Borrower shall continue to pay to the Issuer all fees, losses and expenses required under the Loan Agreement and the Indenture as provided therein. The fees payable hereunder shall be reduced as and to the extent necessary to comply with the requirements of the Code.

(n) [reserved].

(o) The Borrower shall pay the Issuer its then-current fees in connection with any consent, approval, transfer, amendment, waiver, refunding/re-issuance requested of the Issuer, together with any expenses incurred by the Issuer and its counsel/attorney and financial advisor (if applicable) in connection therewith.

(p) The Trustee shall report to the Issuer in writing semiannually, within 10 days of each June 1 and December 1, the principal amount of the Bond outstanding as of such June 1 or December 1, as appropriate.

(q) The Borrower shall promptly provide the Issuer such information with respect to the Project or the Bond as the Issuer shall from time to time request.

(r) The Borrower shall include the Issuer as an additional insured on all liability insurance policies relating to the Borrower or the Project.

(s) The Borrower shall submit to the Issuer, (i) not later than the thirtieth (30th) day after the close of each calendar year, a statistical report in the form set forth as Exhibit F hereto, or such other form as may be prescribed by the Issuer, setting forth the

information called for therein, and (ii) within fifteen (15) days after receipt of a written request, any other information or completed forms requested by the Issuer in order to comply with reporting requirements of the Internal Revenue Service or the State of California.

(t) The Borrower acknowledges that the Issuer may appoint a Program Monitor other than the Issuer (at no additional cost to the Borrower) to administer this Regulatory Agreement and to monitor performance by the Borrower of the terms, provisions and requirements hereof. In such event, the Borrower shall comply with any reasonable request by the Issuer to deliver to any such Program Monitor, in addition to or instead of the Issuer, any reports, notices or other documents required to be delivered pursuant hereto, and to make the Project and the books and records with respect thereto available for inspection by the Program Monitor as an agent of the Issuer.

(u) All tenant lists, applications and waiting lists relating to the Project shall at all times be kept separate and identifiable from any other business of the Borrower and shall be maintained as required by the Issuer, in a reasonable condition for proper audit and subject to examination during business hours by representatives of the Issuer.

(v) The covenants and conditions of this Regulatory Agreement shall be binding upon successors in interest of the Borrower.

Any of the foregoing requirements of the Issuer (except (e) above, which may be expressly waived by CDLAC) may be expressly waived by the Issuer in writing in the Issuer's sole discretion, but (i) no waiver by the Issuer of any requirement of this Section 7 shall, or shall be deemed to, extend to or affect any other provision of this Regulatory Agreement, including particularly but without limitation the provisions of Sections 2 through 6 hereof, except to the extent the Issuer has received an opinion of Bond Counsel that any such provision is not required by the Act and may be waived without adversely affecting the exclusion from gross income of interest on the Bond for federal income tax purposes; and (ii) any requirement of this Section 7 shall be void and of no force and effect if the Issuer and the Borrower receive a written opinion of Bond Counsel to the effect that compliance with any such requirement would cause interest on the Bond to become includable in gross income for federal income tax purposes, if such opinion is accompanied by a copy of a ruling from the Internal Revenue Service to the same effect, or to the effect that compliance with such requirement would be in conflict with the Act.

Section 8. Modification of Covenants. The Borrower, the Trustee and the Issuer hereby agree as follows:

(a) To the extent any amendments to the Act, the Regulations or the Code shall, in the written opinion of Bond Counsel filed with the Issuer, the Trustee and the Borrower (with a copy to the Bondowner Representative), impose requirements upon the ownership or operation of the Project more restrictive than those imposed by this Regulatory Agreement in order to maintain the Tax-exempt status of interest on the Bond, this Regulatory Agreement shall be deemed to be automatically amended, without the consent or approval of any other person, to impose such additional or more restrictive

requirements. The parties hereto hereby agree to execute such amendment hereto as shall be necessary to document such automatic amendment hereof.

(b) To the extent that the Act, the Regulations or the Code, or any amendments thereto, shall, in the written opinion of Bond Counsel filed with the Issuer, the Trustee and the Borrower (with a copy to the Bondowner Representative), impose requirements upon the ownership or operation of the Project less restrictive than imposed by this Regulatory Agreement, this Regulatory Agreement may be amended or modified to provide such less restrictive requirements but only by written amendment signed by the Issuer, the Trustee and the Borrower and approved by the written opinion of Bond Counsel to the effect that such amendment is permitted by the Act and will not affect the Tax-exempt status of interest on the Bond. The Issuer shall be under no obligation to agree to any such amendment, it being understood that each of the requirements of this Regulatory Agreement is a specific requirement of the Issuer, whether or not required by California or federal law.

(c) The Borrower, the Issuer and, if applicable, the Trustee shall execute, deliver and, if applicable, file of record any and all documents and instruments necessary to effectuate the intent of this Section 8, and the Issuer hereby appoints the Trustee as its true and lawful attorney-in-fact to execute, deliver and, if applicable, file or record on behalf of the Issuer, as is applicable, any such document or instrument (in such form as may be approved in writing by Bond Counsel) if the Issuer defaults in the performance of its obligations under this subsection (c); provided, however, that unless directed in writing by the Issuer, the Trustee shall take no action under this subsection (c) without first notifying the Issuer and without first providing the Issuer an opportunity to comply with the requirements of this Section 8. Nothing in this Section 8(c) shall be construed to allow the Trustee to execute an amendment to this Regulatory Agreement on behalf of the Issuer.

Section 9. Indemnification. To the fullest extent permitted by law, the Borrower agrees to indemnify, hold harmless and defend the Issuer, its officers, governing members, directors, officials, employees, attorneys and agents (collectively, the “Indemnified Parties”), against any and all losses, damages, claims, actions, liabilities, costs and expenses of any conceivable nature, kind or character (including, without limitation, reasonable attorneys’ fees, litigation and court costs, amounts paid in settlement and amounts paid to discharge judgments) to which the Indemnified Parties, or any of them, may become subject under any statutory law (including federal or state securities laws) or at common law or otherwise, arising out of or based upon or in any way relating to:

(a) this Regulatory Agreement, the Indenture, the Loan Agreement and any of the other Loan Documents or the execution or amendment thereof or in connection with transactions contemplated thereby, including the issuance, sale, resale or transfer of the Bonds;

(b) any act or omission of the Borrower or any of its agents, contractors, servants, employees or licensees in connection with the Loan or the Project, the operation of the Project, or the condition, environmental or otherwise, occupancy, use, possession,

conduct or management of work done in or about, or from the planning, design, acquisition, installation or construction of, the Project or any part thereof;

(c) any lien or charge upon payments by the Borrower to the Issuer and the Trustee hereunder, or any taxes (including, without limitation, all ad valorem taxes and sales taxes), assessments, impositions and other charges imposed on the Issuer or the Trustee in respect of any portion of the Project;

(d) any violation of any environmental law, rule or regulation with respect to, or the release of any toxic substance from, the Project or any part thereof;

(e) the defeasance and/or redemption, in whole or in part, of the Bond;

(f) any untrue statement or misleading statement or alleged untrue statement or alleged misleading statement of a material fact by the Borrower contained in any documents relating to the Bond to which the Borrower is a party, or any omission from any such document of any material fact necessary to be stated therein in order to make the statements made therein by the Borrower, in the light of the circumstances under which they were made, not misleading; or

(g) any declaration of taxability of interest on the Bond, or allegations (or regulatory inquiry that interest on the Bond is included in gross income for federal tax purposes).

Except in the case of the foregoing indemnification of the Issuer or any of its officers, members, directors, officials, employees, attorneys and agents, to the extent such damages are caused by the willful misconduct of such Indemnified Party. In the event that any action or proceeding is brought against any Indemnified Party with respect to which indemnity may be sought hereunder, the Borrower, upon written notice from the Indemnified Party, shall assume the investigation and defense thereof, including the employment of counsel selected by the Indemnified Party, and shall assume the payment of all expenses related thereto, with full power to litigate, compromise or settle the same in its sole discretion; provided that the Indemnified Party shall have the right to review and approve or disapprove any such compromise or settlement. Each Indemnified Party shall have the right to employ separate counsel in any such action or proceeding and participate in the investigation and defense thereof, and the Borrower shall pay the reasonable fees and expenses of such separate counsel; provided, however, that such Indemnified Party may only employ separate counsel at the expense of the Borrower if in the reasonable judgment of such Indemnified Party a conflict of interest exists by reason of common representation or if all parties commonly represented do not agree as to the action (or inaction) of counsel, or if, in the case of the Issuer, it makes a reasonable judgment that a competent attorney has not been appointed.

Notwithstanding any transfer of the Project to another owner in accordance with the provisions of this Agreement, the Borrower shall remain obligated to indemnify each Indemnified Party pursuant to this Section if such subsequent owner fails to indemnify any party entitled to be indemnified hereunder, unless such Indemnified Party has consented to such transfer and to the assignment of the rights and obligations of the Borrower hereunder.

The provisions of this Section 9 shall survive the term of the Bond and this Regulatory Agreement or the resignation of the Trustee.

Section 10. Consideration. The Issuer has issued the Bond to provide funds to finance the Project, all for the purpose, among others, of inducing the Borrower to acquire and construct the Project. In consideration of the issuance of the Bond by the Issuer, the Borrower has entered into this Regulatory Agreement and has agreed to restrict the uses to which this Project can be put on the terms and conditions set forth herein.

Section 11. Reliance. The Issuer and the Borrower hereby recognize and agree that the representations and covenants set forth herein may be relied upon by all persons interested in the legality and validity of the Bond and in the exemption from federal income taxation and California personal income taxation of the interest on the Bond. In performing their duties and obligations hereunder, the Issuer and the Trustee may rely upon statements and certificates of the Very Low Income Tenants and upon audits of the books and records of the Borrower pertaining to the Project. In addition, the Issuer and the Trustee may consult with counsel, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by the Issuer or the Trustee hereunder in good faith and in conformity with such opinion. In determining whether any default or lack of compliance by the Borrower exists under this Regulatory Agreement, the Trustee may, but shall not be required to, conduct any investigation into or review of the operations or records of the Borrower and may rely solely on any written notice or certificate delivered to the Trustee by the Borrower or the Issuer with respect to the occurrence or absence of a default unless it knows that the notice or certificate is erroneous or misleading.

Section 12. Project in the County of Los Angeles. The Borrower hereby represents and warrants that the Project will be located entirely within the County of Los Angeles.

Section 13. Sale or Transfer of the Project; Equity Interests. The Borrower hereby covenants and agrees not to: (i) directly or indirectly, by operation of law, voluntarily or involuntarily, sell, gift, encumber, assign or otherwise transfer (collectively, "Transfer") all or any portion of its interest in the Project (excluding tenant leases pursuant to the terms hereof); (ii) permit the Transfer of greater than forty-nine percent (49%) of its ownership and/or control, in the aggregate, taking all transfers into account on a cumulative basis; or (iii) Transfer any of its rights or obligations under the [Loan Documents] without the prior written approval of the Issuer, which approval the Issuer may withhold in its sole and absolute discretion.

At any time Borrower desires to effect a Transfer hereunder, Borrower shall notify the Issuer in writing (a "Transfer Notice") and shall submit to the Issuer for its prior written approval (i) all proposed agreements and documents memorializing, facilitating, evidencing and/or relating to the circumstances surrounding such proposed Transfer, and (ii) a certificate setting forth representations and warranties by Borrower and the proposed transferee to the Issuer sufficient to establish and ensure that all requirements of this Section 13 have been and will be met (collectively, the "Transfer Documents"). No Transfer Documents shall be approved by the Issuer unless they expressly provide for the assumption by the proposed transferee of all of Borrower's obligations under the Loan Documents. The Transfer Notice shall include a request that the Issuer consent to the proposed Transfer. The Issuer agrees to make its decision on

Borrower's request for consent to such Transfer promptly, and use reasonable efforts to respond not later than thirty (30) days after the Issuer receives the last of the items required by this Section 13. In the event the Issuer consents to a proposed Transfer, then such Transfer shall not be effective unless and until the Issuer receives copies of all executed and binding Transfer Documents which Transfer Documents shall conform with the proposed Transfer Documents originally submitted by Borrower to the Issuer.

Except as expressly provided in this Section 13, in connection with any Transfer hereunder, the purchaser or assignee shall also: (i) deliver to the Issuer of an opinion of such purchaser or assignee's counsel to the effect that each such document and this Regulatory Agreement are valid, binding and enforceable obligations of such purchaser or assignee, subject to bankruptcy and other standard limitations affecting creditor's rights; (ii) deliver to the Issuer an opinion of Bond Counsel addressed to the Issuer to the effect that any such sale, transfer or other disposition will not adversely affect the Tax-Exempt status of interest on the Bonds; and (iii) pay to the Issuer and Trustee all fees and/or expenses then currently due and payable to the Issuer and Trustee (together with the Transfer Documents, the "Transfer Deliveries").

Notwithstanding anything in this Regulatory Agreement to the contrary, Borrower agrees that it shall not be permitted to make any Transfer, whether or not the Issuer's consent is required and even if the Issuer has consented thereto, if there exists an Event of Default under the Loan Agreement or any other Loan Document at the time the Transfer Notice is tendered to the Issuer or at any time thereafter until such Event of Default has been cured.

Except as expressly provided in this Section 13, the provisions of this Section 13 shall apply to each successive Transfer and proposed transferee in the same manner as initially applicable to Borrower under the terms set forth herein.

Notwithstanding the foregoing, if the Project receives funding through an allocation of low income housing tax credits under Section 42 of the Code ("LIHTCs"), the Issuer hereby consents to the following transfers in furtherance of such financing: (i) syndication of limited partnership interests in Borrower to an equity investor and subsequent transfers of limited partnership interests; (ii) the grant and exercise of a purchase option and/or right of first refusal with respect to the Project from Borrower to its general partners, which may involve the sale of Borrower's interest in the Project and/or the Transfer of greater than forty-nine percent (49%) of its ownership and/or control; and (iii) removal of the general partner of Borrower pursuant to the terms of the limited partnership agreement of Borrower, as it may be amended from time to time, provided that the replacement general partner shall be approved by the Issuer, which approval shall not be unreasonably withheld. Notwithstanding the above, Borrower shall notify the Issuer that Borrower intends to pursue such transfers of partnership interest at least sixty (60) days before the scheduled date of such transfers and shall comply with the provisions of the second paragraph of this Section 13; further, if the general partner is being replaced, Borrower shall provide evidence acceptable to the Issuer with regard to such successor general partner's financial capability, management experience and history of compliance with affordable housing, landlord/tenant, and health and safety laws, and such other information as requested by the Issuer.

The Borrower shall use its best efforts to provide the Issuer concurrently with the closing of any Transfer (but in no event later than 30 days after the closing of such Transfer) copies of all documents pertaining to the transaction, including any amendments to the organizational documents of Borrower or any constituent partners or members.

Nothing in this Section 13 shall affect any provision of any other document or instrument between the Borrower and any other party which requires the Borrower to obtain the prior written consent of such other party in order to sell, transfer or otherwise dispose of the Project or any interest (direct or indirect) therein or in the Borrower, including, but not limited to, any consent of the Trustee required under the Indenture, the Deed of Trust or any other Loan Document.

Notwithstanding anything contained in this Section 13 to the contrary, neither the consent of the Issuer nor the delivery of the Transfer Deliveries shall be required in the case of a foreclosure or deed in lieu of foreclosure, whereby the Bondowner Representative, the Trustee or a designee or third party purchaser becomes the Borrower of the Project, and nothing contained in this Section 13 shall otherwise affect the right of the Bondowner Representative, the Trustee or a designee or third party purchaser to foreclose on the Project or to accept a deed in lieu of foreclosure or to effect a comparable conversion of the Loan or the Loan Documents. However, if the Trustee or Bondowner Representative acquires title to the Project by foreclosure or deed in lieu of foreclosure and this Regulatory Agreement has not been terminated pursuant to Section 14 below, consent of the Issuer and delivery of the Transfer Deliveries shall be required for any transfer of the Project subsequent to the Trustee's or Bondowner Representative's acquisition of the Property by foreclosure or deed in lieu of foreclosure.

Upon any sale or other transfer which complies with this Regulatory Agreement, the Borrower shall be fully released from its obligations hereunder, but only to the extent such obligations have been assumed by the transferee of the Project, without the necessity of further documentation. Any transfer of the Project to any entity, whether or not affiliated with the Borrower, shall be subject to the provisions of this Section 13. No transfer of the Project shall operate to release the Borrower from its obligations under this Regulatory Agreement with respect to any action or inaction taken prior to such transfer. Nothing contained in this Section 13 shall affect any provision of the Deed of Trust, or any of the other Loan Documents to which the Borrower is a party, which requires the Borrower to obtain the consent of the Bondowner Representative as a precondition to sale, transfer or other disposition of, or any direct or indirect interest in, the Project, or of any direct or indirect interest in the Borrower, or which otherwise gives the Bondowner Representative the right to accelerate the maturity of the Loan or any obligations of Borrower under the Loan Documents, or to take some other similar action with respect to the Loan or any obligations of Borrower under the Loan Documents, upon the sale, transfer or other disposition of the Project or any such other interest.

For the Qualified Project Period, the Borrower shall not: (1) grant commercial leases of any part thereof, or permit the conveyance, transfer or encumbrance of any part of the Project, except as otherwise permitted by the Loan Agreement, the Deed of Trust and this Regulatory Agreement (and upon receipt by the Borrower of an opinion of Bond Counsel that such action will not adversely affect the Tax Exempt status of interest on the Bonds; provided that such opinion will not be required with respect to any lease permitted under this Regulatory Agreement

and the Mortgage relating to a commercial operation or ancillary facility that will be available for tenant use and is customary to the operation of multifamily housing developments similar to the Project); (2) demolish any part of the Project or substantially subtract from any real or personal property of the Project, except in accordance with the Loan Documents and except to the extent that what is removed is replaced with comparable property; or (3) permit the use of the dwelling accommodations of the Project for any purpose other than rental residences.

Section 14. Term. This Regulatory Agreement and all and each of the provisions hereof shall become effective upon its execution and delivery, and shall remain in full force and effect for the periods provided herein and, except as otherwise provided in this Section 14 shall terminate in its entirety at the end of the Qualified Project Period (or in the case of Section 7(d) hereof at the times set forth in CDLAC Resolution No. 11-114), it being expressly agreed and understood that the provisions hereof are intended to survive the retirement of the Bond, discharge of the Loan and termination of the Indenture and the Loan Agreement.

Notwithstanding the foregoing, the provisions of Section 9 hereof shall, in the case of the Trustee, survive the term of this Regulatory Agreement or the replacement of the Trustee, but only as to claims arising from events occurring during the term of this Regulatory Agreement or the Trustee's tenure as Trustee under the Indenture, and shall, in the case of the Issuer, survive the term of this Regulatory Agreement, but only as to claims arising from events occurring during the term of this Regulatory Agreement.

The terms of this Regulatory Agreement to the contrary notwithstanding, this Regulatory Agreement and all the requirements set forth herein (except Section 9 as aforesaid) shall terminate and be of no further force and effect in the event of (a) involuntary noncompliance with the provisions of this Regulatory Agreement caused by fire, seizure, requisition, change in a federal law or an action of a federal agency after the Closing Date which prevents the Issuer or the Trustee from enforcing the provisions hereof, or (b) condemnation, foreclosure, delivery of a deed in lieu of foreclosure or a similar event, but only if, within a reasonable period thereafter, either the portion of the Bond attributable to the affected portion of the Project is retired or amounts received as a consequence of such event are used to provide a project which meets the requirements of the Code set forth in Sections 2 through 6 of this Regulatory Agreement and provided that, in either case, an opinion of Bond Counsel (unless waived by the Issuer) is delivered to the Trustee to the effect that the exclusion from gross income for federal income tax purposes of interest on the Bond will not be adversely affected thereby. The provisions of the preceding sentence shall cease to apply and the requirements referred to therein shall be reinstated if, at any time during the Qualified Project Period after the termination of such requirements as a result of involuntary noncompliance due to foreclosure, transfer of title by deed in lieu of foreclosure or similar event, the Borrower or any related person (within the meaning of Section 147(a)(2) of the Code) obtains an ownership interest in the Project for tax purposes. The Borrower hereby agrees that, following any foreclosure, transfer of title by deed in lieu of foreclosure or similar event, neither the Borrower nor any related person as described above will obtain an ownership interest in the Project for tax purposes.

Upon the termination of this Regulatory Agreement, the parties hereto agree to execute, deliver and record appropriate instruments of release and discharge of the terms hereof;

provided, however, that the execution and delivery of such instruments shall not be necessary or a prerequisite to the termination of this Regulatory Agreement in accordance with its terms.

Section 15. Covenants To Run With the Land. Notwithstanding Section 1461 of the California Civil Code, the Borrower hereby subjects the Project (including the Project Site) to the covenants, reservations and restrictions set forth in this Regulatory Agreement. The Issuer and the Borrower hereby declare their express intent that the covenants, reservations and restrictions set forth herein shall be deemed covenants running with the land and shall pass to and be binding upon the Borrower's successors in title to the Project; provided, however, that on the termination of this Regulatory Agreement said covenants, reservations and restrictions shall expire. The Issuer and, if necessary, the Trustee, agree to execute a quitclaim deed or other documents required to remove this Regulatory Agreement from title after the covenants, agreements and restrictions herein have expired. Each and every contract, deed or other instrument hereafter executed covering or conveying the Project or any portion thereof shall conclusively be held to have been executed, delivered and accepted subject to such covenants, reservations and restrictions, regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed or other instruments.

No breach of any of the provisions of this Regulatory Agreement shall impair, defeat or render invalid the lien of any security instrument, deed of trust or like encumbrance made in good faith and for value encumbering the Project or any portion thereof.

Section 16. Burden and Benefit. The Issuer and the Borrower hereby declare their understanding and intent that the burden of the covenants set forth herein touch and concern the land in that the Borrower's legal interest in the Project is rendered less valuable thereby. The Issuer and the Borrower hereby further declare their understanding and intent that the benefit of such covenants touch and concern the land by enhancing and increasing the enjoyment and use of the Project by Very Low Income Tenants, the intended beneficiaries of such covenants, reservations and restrictions, and by furthering the public purposes for which the Bond was issued. Notwithstanding the foregoing or any other provision of this Regulatory Agreement, no person, other than the parties hereto, shall have any rights of enforcement of this Regulatory Agreement.

Section 17. Uniformity; Common Plan. The covenants, reservations and restrictions hereof shall apply uniformly to the entire Project in order to establish and carry out a common plan for the use, development and improvement of the Project Site.

Section 18. Default; Enforcement. If the Borrower defaults in the performance or observance of any covenant, agreement or obligation of the Borrower set forth in this Regulatory Agreement, and if such default remains uncured for a period of 60 days after notice thereof shall have been given by the Issuer to the Borrower, then the Issuer shall declare an "Event of Default" to have occurred hereunder; provided, however, that if the default stated in the notice is of such a nature that it cannot be corrected within 60 days, such default shall not constitute an Event of Default hereunder so long as (i) the Borrower institutes corrective action within said 60 days and diligently pursues such action until the default is corrected and (ii) in the opinion of Bond Counsel, the failure to cure said default within 60 days will not adversely affect the Tax-exempt status of interest on the Bond. The Trustee hereby consents to any correction of the

default by the Issuer on behalf of the Borrower. The Issuer hereby consents to any correction of a default on the part of the Borrower hereunder made by the Borrower's limited partners on behalf of the Borrower within the time periods provided in this Section. Copies of any notices sent to the Borrower hereunder shall simultaneously be sent to Borrower's limited partners at the address set forth in Section 23.

Following the declaration of an Event of Default hereunder, the Trustee, as directed by the Issuer and subject to the provisions of the Indenture relative to the Trustee's duty to exercise remedies generally, or the Issuer may, at its option, take any one or more of the following steps:

- (a) by mandamus or other suit, action or proceeding at law or in equity, including injunctive relief, require the Borrower to perform its obligations and covenants hereunder or enjoin any acts or things which may be unlawful or in violation of the rights of the Issuer or the Trustee hereunder;
- (b) have access to and inspect, examine and make copies of all of the books and records of the Borrower pertaining to the Project; and
- (c) take such other action at law or in equity as may appear necessary or desirable to enforce the obligations, covenants and agreements of the Borrower hereunder.

In addition, during the Qualified Project Period, the Borrower hereby grants to the Issuer the option, upon the expiration of 60 days after the giving of the notice to the Borrower referred to in the first paragraph of this Section 18 of the Borrower's default under this Regulatory Agreement, to lease up to 20% of the units in the Project (other than one unit set aside for managerial or administrative use) for the purpose of subleasing such units to Very Low Income Tenants, but only to the extent necessary to comply with the provisions of Sections 3, 4, 6 and 7. The option granted in the preceding sentence shall be effective only if the Borrower's investor limited partner has not instituted corrective action within such 60-day period. Such option shall be exercisable first with respect to units which are vacant at the time of exercise of this option and shall be exercised with respect to occupied units only to the extent that subleasing of additional units is necessary in order to bring the Project into compliance with the provisions of Sections 3, 4, 6 and 7, and any eviction carried out in connection with the exercise of such option shall be carried out in compliance with applicable laws. The option and any leases to the Issuer under this provision shall terminate with respect to each default upon the achievement, by the Borrower or the Issuer, of compliance with the requirements of Sections 3, 4, 6 and 7, and any subleases entered into pursuant to the Issuer's option shall be deemed to be leases from the Borrower. The Issuer shall make diligent efforts to rent Very Low Income Units to Very Low Income Tenants for monthly rental amounts equivalent to those collected from tenants of similar units in the Project, or such lesser maximum amounts as may be permitted by Section 6(b) hereof, but shall not be required to obtain such rental amounts. The Issuer shall seek to rent such units for the highest possible rents that may be charged, consistent with the rent and occupancy restrictions of this Regulatory Agreement. Tenant selection shall be performed utilizing the Borrower's reasonable management and selection policies. The Issuer subleases to Very Low Income Tenants pursuant to this paragraph shall not exceed six months in term and shall expressly permit the Borrower to increase the rents to the maximum amounts as may be

permitted by Section 6(b) hereof for the respective households at the time the Borrower assumes the Issuer's position hereunder. Any rental paid under any such sublease shall be paid to the Borrower after the Issuer has been reimbursed for any expenses incurred in connection with such sublease. All rents received by the Issuer from such subleases, less the Issuer's expenses incurred in connection with such subleases, shall be placed into an escrow reasonably approved by the Borrower. All funds in such escrow shall be continuously pledged by the Issuer for the benefit of the Borrower. The Issuer agrees to allow the Borrower access to the Issuer's books and records relating to the collection and disbursement of rents received pursuant to such subleases.

All reasonable fees, costs and expenses (including reasonable attorneys' fees) of the Trustee and the Issuer incurred in taking any action pursuant to this Section shall be the sole responsibility of the Borrower.

No breach or default under this Regulatory Agreement shall defeat or render invalid any deed of trust, mortgage or like encumbrance upon the Project or any portion thereof given in good faith and for value.

After the Indenture has been discharged, the Issuer may act on its own behalf to declare an "Event of Default" to have occurred and to take any one or more of the steps specified hereinabove to the same extent and with the same effect as if taken by the Trustee.

The obligations of the Borrower hereunder are not secured by a lien on the Project and the Loan shall not be accelerated as a result of any default hereunder. The Borrower hereby agrees that specific enforcement of the Borrower's agreements contained herein is the only means by which the Issuer may obtain the benefits of such agreements made by the Borrower herein and the Borrower therefore agrees to the imposition of the remedy of specific performance against it in the case of any default by the Borrower hereunder.

The occurrence of a Determination of Taxability shall not, in and of itself, constitute a default hereunder.

Section 19. The Trustee. The Trustee shall act as specifically provided herein and in the Indenture. The Trustee is entering into this Regulatory Agreement solely in its capacity as trustee under the Indenture, and the duties, powers, rights and liabilities of the Trustee in acting hereunder shall be subject to the provisions of the Indenture.

The Issuer shall be responsible for the monitoring and verifying of compliance by the Borrower with the terms of this Regulatory Agreement. The Trustee may at all times assume compliance with this Regulatory Agreement unless otherwise notified in writing by the Issuer, or unless it has actual knowledge of noncompliance.

After the date on which no principal of the Bond remains outstanding as provided in the Indenture, the Trustee shall no longer have any duties or responsibilities under this Regulatory Agreement and all references to the Trustee in this Regulatory Agreement shall be deemed references to the Issuer.

Section 20. Recording and Filing. (a) The Borrower shall cause this Regulatory Agreement, and all amendments and supplements hereto and thereto, to be recorded and filed in the real property records of the County of Los Angeles and in such other places as the Issuer or the Trustee may reasonably request. The Borrower shall pay all fees and charges incurred in connection with any such recording. This Regulatory Agreement shall be recorded in the grantor-grantee index to the name of the Borrower as grantor and the Issuer as grantee.

(b) The Borrower and the Issuer will file of record such other documents and take such other steps as are reasonably necessary, in the opinion of Bond Counsel, in order to insure that the requirements and restrictions of this Regulatory Agreement will be binding upon all owners of the Project.

(c) The Borrower hereby covenants to include or reference the requirements and restrictions contained in this Regulatory Agreement in any documents, executed and delivered in connection with a voluntary transfer of any interest in the Project to another person to the end that such transferee has notice of, and is bound by, such restrictions and to obtain the agreement from any transferee to abide by all requirements and restrictions of this Regulatory Agreement.

Section 21. Governing Law. This Regulatory Agreement shall be governed by the laws of the State of California. The Trustee's rights, duties and obligations hereunder are governed in their entirety by the terms and provisions of the Indenture.

Section 22. Amendments. This Regulatory Agreement shall be amended only by a written instrument executed by the parties hereto or their successors in title, and duly recorded in the real property records of the County of Los Angeles, California, and only upon receipt by the Issuer of an opinion from Bond Counsel that such amendment will not adversely affect the Tax-exempt status of interest on the Bond and is not contrary to the provisions of the Act and with the written consent of the Trustee.

The Issuer, the Trustee and the Borrower hereby agree to amend this Regulatory Agreement to the extent required, in the opinion of Bond Counsel (subject to the approval of the Issuer Attorney of the Issuer), in order that interest on the Bond remains Tax-exempt. The party or parties requesting such amendment shall notify the other parties to this Regulatory Agreement of the proposed amendment, with a copy of such requested amendment to Bond Counsel and counsel to the Issuer and a request that such Bond Counsel render to the Issuer an opinion as to the effect of such proposed amendment upon the Tax-exempt status of interest on the Bond.

Any waiver of, or consent to, any condition under this Regulatory Agreement must be expressly made in writing.

Section 23. Notices. Any notice required to be given hereunder shall be made in writing and shall be given by personal delivery, certified or registered mail, postage prepaid, return receipt requested, at the addresses specified below, or at such other addresses as may be specified in writing by the parties hereto:

If to Issuer: The Housing Authority of the County of Los Angeles
2 Coral Circle
Monterey Park, CA 91755
Attention: Pat Case and Jewel Warren-Reed

If to Borrower: The Courtyard at La Brea, L.P.
7530 Santa Monica Blvd., Suite 1
West Hollywood, CA 90046
Attention:

with a copy to: Gubb & Barshay LLP
50 California Street, Ste. 2930
San Francisco, CA 94111
Attention: Scott Barshay, Esq.

If to the Equity
Investor: Union Bank, N.A.
200 Pringle Avenue, Suite 355
Walnut Creek, CA 94596
Attention: CDF Division Head

If to the Trustee: U.S. Bank National Association
24th Floor
633 West 5th Street
Los Angeles, CA 90071
Attention: Corporate Trust Services

Notice shall be deemed given three Business Days after the date of mailing.

A duplicate copy of each notice, certificate or other communication given hereunder by any party hereto to another party hereto shall also be given to all of the parties specified above. Failure to provide any such duplicate notice pursuant to the foregoing sentence, or any defect in any such duplicate notice so provided shall not constitute a default hereunder. All other documents required to be submitted to any of the foregoing parties shall also be submitted to such party at its address set forth above. Any of the foregoing parties may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates, documents or other communications shall be sent.

Section 24. Severability. If any provision of this Regulatory Agreement or if the applicability of any such provision shall be invalid, illegal or unenforceable, the validity, legality, enforceability, or the applicability with respect to the validity, legality and enforceability, of the remaining portions hereof shall not in any way be affected or impaired thereby.

Section 25. Multiple Counterparts. This Regulatory Agreement may be simultaneously executed in multiple counterparts, all of which shall constitute one and the same instrument, and each of which shall be deemed to be an original.

Section 26. Nondiscrimination and Affirmative Action. The Trustee and the Borrower shall not discriminate in their employment practices against any employee or applicant for employment because of the applicant's race, religion, national origin, ancestry, sex, age, sexual orientation, disability, marital status, domestic partner status or medical condition. All subcontracts awarded under this Regulatory Agreement shall contain a like provision.

Section 27. Financial Obligations Personal to Borrower. The Issuer acknowledges that the Project shall be encumbered by the Loan Documents. Notwithstanding any provisions of this Regulatory Agreement to the contrary, all obligations of the Borrower under this Regulatory Agreement for the payment of money and all claims for damages against the Borrower occasioned by breach or alleged breach by the Borrower of its obligations under this Regulatory Agreement, including indemnification obligations, shall not be a lien on the Project and no Person shall have the right to enforce such obligations other than directly against the Borrower as provided in Section 18 of this Regulatory Agreement, except that the Issuer shall have the right at all times to enforce the rights contained in the third paragraph of Section 18 hereof. No subsequent owner of the Project shall be liable or obligated for the breach or default of any obligations of the Borrower under this Regulatory Agreement on the part of any prior Borrower, including, but not limited to, any payment or indemnification obligation. Such obligations are personal to the Person who was the Borrower at the time the default or breach was alleged to have occurred and such Person shall remain liable for any and all damages occasioned thereby even after such Person ceases to be the Borrower. Each Borrower shall comply with and be fully liable for all obligations of an "owner" hereunder during its period of ownership. Notwithstanding the foregoing, neither the Borrower nor its partners shall be personally liable for any indemnification obligation under the Loan Documents which would result in the repayment of principal and interest on the Loan.

Section 28. Third-party Beneficiaries. The CDLAC is intended to be and is a third-party beneficiary of this Regulatory Agreement, and the CDLAC shall have the right (but not the obligation) to enforce, separately or jointly with the Issuer or to cause the Issuer to enforce, the provisions of Section 7(d) of this Regulatory Agreement and to pursue an action for specific performance of such provisions or other available remedy at law or in equity in accordance with Section 18 hereof, provided that any such action or remedy shall not materially adversely affect the interests and rights of the Bondholders and shall otherwise be subject to the terms, conditions and limitations applicable to the enforcement of remedies under this Regulatory Agreement.

Section 29. Americans with Disabilities Act. The Borrower and the Trustee each hereby certifies that it will comply with the Americans with Disabilities Act, 42 U.S.C. Section 12101 et seq., and its implementing regulations and the American Disabilities Act Amendments Act (ADAAA) Pub. L.110-325 and all subsequent amendments (the "ADA"). The Borrower and the Trustee each will provide reasonable accommodations to allow qualified individuals with disabilities to have access to and to participate in its programs, services and activities in accordance with the provisions of the ADA. The Borrower and the Trustee each will not discriminate against persons with disabilities or against persons due to their relationship to or association with a person with a disability. Any subcontract entered into by the Borrower or the Trustee, relating to this Regulatory Agreement, to the extent allowed hereunder, shall be subject to the provisions of this paragraph.

Section 30. Limitation on Liability. Notwithstanding the foregoing or any other provision or obligation to the contrary contained in this Regulatory Agreement, (i) the liability of the Borrower under this Regulatory Agreement to any person or entity, including, but not limited to, the Trustee or the Issuer and their successors and assigns, is limited to the Borrower's interest in the Project, the Revenues, including the amounts held in the funds and accounts created under the Indenture or the Loan Agreement, or any rights of the Borrower under any guarantees relating to the Project, and such persons and entities shall look exclusively thereto, or to such other security as may from time to time be given for the payment of obligations arising out of this Regulatory Agreement or any other agreement securing the obligations of the Borrower under this Regulatory Agreement; and (ii) from and after the date of this Regulatory Agreement, no deficiency or other personal judgment, nor any order or decree of specific performance (other than pertaining to this Regulatory Agreement, any agreement pertaining to any Project or any other agreement securing the Borrower's obligations under this Regulatory Agreement), shall be rendered against the Borrower, the assets of the Borrower (other than the Borrower's interest in the Project, this Regulatory Agreement, amounts held in the funds and accounts created under the Indenture or the Loan Agreement, any rights of the Borrower under the Indenture or any other documents relating to the Bonds or any rights of the Borrower under any guarantees relating to the Project), its partners, members, successors, transferees or assigns and each of their respective officers, directors, employees, partners, agents, heirs and personal representatives, as the case may be, in any action or proceeding arising out of this Regulatory Agreement, or any judgment, order or decree rendered pursuant to any such action or proceeding; provided, however, that the Borrower's liability shall not be so limited in the case of the following:

- (a) a willful breach by the Borrower of the provisions of the Loan Documents limiting payments or distributions to members of the Borrower to the extent the Borrower receives such payments or distributions;
- (b) any liability, damage, cost or expense incurred by the Issuer or the Trustee as a result of fraud, waste, willful misconduct or bad faith by the Borrower; and
- (c) any failure by the Borrower to comply with Section [9] or Section [20] of this Regulatory Agreement.

In addition, each individual, other than any representative of the Issuer, signing this Agreement, or any other Loan Document, in a representative capacity, shall be personally liable for (a) the warranty and representation hereby or thereby made that such person has legal capacity and is authorized to sign this Regulatory Agreement or such Loan Document, as the case may be, and (b) intentional fraud by such person in connection therewith.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Issuer, the Trustee and the Borrower have executed this Regulatory Agreement by duly authorized representatives, all as of the date first above written.

THE HOUSING AUTHORITY OF THE
COUNTY OF LOS ANGELES, as Issuer

By _____
Sean Rogan
Executive Director

Approved as to form:

ANDREA SHERIDAN ORDIN, County Counsel

Deputy

[Signature Page to *La Brea* Regulatory Agreement]

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By _____
Name _____
Authorized Signatory

[Signature Page to ***La Brea*** Regulatory Agreement]

THE COURTYARD AT LA BREA, L.P., a California
limited partnership, as Borrower

By: West Hollywood Community Housing Corporation,
a California nonprofit public benefit corporation,
its managing general partner

By:_____

[Signature Page to *La Brea* Regulatory Agreement]

NOTARY ACKNOWLEDGMENT STATEMENT

State of California)

County of _____)

On _____, before me, _____ (here insert name and title of the officer), personally appeared _____

(here insert name(s) of signers), who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

[SEAL]

NOTARY ACKNOWLEDGMENT STATEMENT

State of California)

County of _____)

On _____, before me, _____ (here insert name and title of the officer), personally appeared _____

(here insert name(s) of signers), who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

[SEAL]

NOTARY ACKNOWLEDGMENT STATEMENT

State of California)

County of _____)

On _____, before me, _____ (here insert name and title of the officer), personally appeared _____

(here insert name(s) of signers), who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

[SEAL]

NOTARY ACKNOWLEDGMENT STATEMENT

State of California)

County of _____)

On _____, before me, _____ (here insert name and title of the officer), personally appeared _____

(here insert name(s) of signers), who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

[SEAL]

EXHIBIT A

DESCRIPTION OF PROJECT SITE

EXHIBIT B

FORM OF CERTIFICATE OF CONTINUING PROGRAM COMPLIANCE

CERTIFICATE OF CONTINUING PROGRAM COMPLIANCE

Witnesseth that on this __ day of _____, ____, the undersigned, having borrowed certain funds from The Housing Authority of The County of Los Angeles (the "Issuer") for the purpose of financing a multifamily rental housing development (the "Project"), does hereby certify that:

During the preceding [month/quarter] such Project was continually in compliance with the Regulatory Agreement executed in connection with such loan from the Issuer, ____% of the units in the Project were occupied by Very Low Income Tenants (minimum of 20% at Affordable Rents).

Set forth below are the names of Very Low Income Tenants who commenced or terminated occupancy during the preceding month.

<u>Commenced Occupancy</u>	<u>Terminated Occupancy</u>
1.	1.
2.	2.
3.	3.

The units occupied by Very Low Income Tenants are of similar size and quality to other units and are dispersed throughout the Project. Attached is a separate sheet listing the number of each unit and indicating which units are occupied by Very Low Income Tenants, the size, the number of bedrooms of such units and the number of Very Low Income Tenants who commenced occupancy of units during the preceding month.

2. *Select appropriate certification:* [No unremedied default has occurred under this Regulatory Agreement, the Loan Agreement or the Deed of Trust.] [A default has occurred. The nature of the default and the measures being taken to remedy such default are as follows: _____.]

3. The representations set forth herein are true and correct to the best of the undersigned's knowledge and belief.

Date: _____

Borrower

EXHIBIT C

FORM OF INCOME CERTIFICATION

[FORM OF INCOME CERTIFICATION]

VERIFICATION OF INCOME

RE: [Name of Project]
[Address of Project]

Apartment Number: _____. Initial Occupancy Date: _____

I/We, the undersigned, being first duly sworn, state that I/we have read and answered fully, and truthfully each of the following questions for all persons who are to occupy the unit in the above apartment development for which application is made, all of whom are listed below:

1.	2.	3.	4.	5.
Name of Members of the Household	Relationship to Head of Household	Age	Social Security Number	Place of Employment
	Head of Household			
	Spouse			

6. The anticipated income of all the above persons during the 12-month period beginning this date, including income described in (a) below, but excluding all income described in (b) below, is \$_____.

(a) The amount set forth above includes all of the following income (unless such income is described in (b) below):

(i) all wages and salaries, over-time pay, commissions, fees, tips and bonuses before payroll deductions;

(ii) net income from the operation of a business or profession or from the rental of real or personal property (without deducting expenditures for business expansion or amortization of capital indebtedness or any allowance for depreciation of capital assets);

(iii) interest and dividends (include all income from assets as set forth in item 7(b) below);

(iv) the full amount of periodic payments received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of periodic receipts;

(v) payments in lieu of earnings, such as unemployment and disability compensation, workers' compensation and severance pay;

(vi) the maximum amount of public assistance available to the above persons;

(vii) periodic and determinable allowances, such as alimony and child support payments and regular contributions and gifts received from persons not residing in the dwelling;

(viii) all regular pay, special pay and allowances of a member of the Armed Forces (whether or not living in the dwelling) who is the head of the household or spouse; and

(ix) any earned income tax credit to the extent it exceeds income tax liability.

(b) The following income is excluded from the amount set forth above:

(i) casual, sporadic or irregular gifts;

(ii) amounts which are specifically for or in reimbursement of medical expenses;

(iii) lump sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains and settlement for personal or property losses;

(iv) amounts of educational scholarships paid directly to a student or an educational institution, and amounts paid by the government to a veteran for use in meeting the costs of tuition, fees, books and equipment, but in either case only to the extent used for such purposes;

(v) hazardous duty to a member of the household in the armed forces who is away from home and exposed to hostile fire;

(vi) relocation payments under Title II of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970;

(vii) income from employment of children (including foster children) under the age of 18 years;

(viii) foster child care payments;

(ix) the value of coupon allotments under the Food Stamp Act of 1977;

(x) payments to volunteers under the Domestic Volunteer Service Act of 1973;

(xi) payments received under the Alaska Native Claims Settlement Act;

(xii) income derived from certain submarginal land of the United States that is held in trust for certain Indian tribes;

(xiii) payments on allowances made under the Department of Health and Human Services' Low-Income Home Energy Assistance Program;

(xiv) payments received from the Job Partnership Training Act;

(xv) income derived from the disposition of funds of the Grand River Band of Ottawa Indians; and

(xvi) the first \$2000 of per capita shares received from judgment funds awarded by the Indian Claims Commission or the Court of Claims or from funds held in trust for an Indian tribe by the Secretary of Interior.

7. If any of the persons described in column 1 above (or any person whose income or contributions were included in item 6) has any savings, stocks, bonds, equity in real property or other form of capital investment (excluding interests in Indian trust lands), provide:

(a) the total value of all such assets owned by all such persons: \$_____, and

(b) the amount of income expected to be derived from such assets in the 12-month period commencing this date: \$_____.

8. (a) Will all of the persons listed in column 1 above be or have they been full-time students during five calendar months of this calendar year at an educational institution (other than a correspondence school) with regular faculty and students?

Yes _____ No _____

(b) (Complete only if the answer to Question 8(a) is "Yes"). Is any such person (other than nonresident aliens) married and eligible to file a joint federal income tax return?

Yes _____ No _____

We acknowledge that all of the foregoing information is relevant to the status under federal income tax law of the interest on bonds issued to finance the acquisition and rehabilitation of the apartment building for which application is being made. We consent to the disclosure of such information to the issuer of such bonds, the holders of such bonds, any agent acting on their behalf and any authorized agent of the Treasury Department or Internal Revenue Service.

We declare under penalty of perjury that the foregoing is true and correct.

Date: _____

Head of Household

Spouse

FOR COMPLETION BY PROJECT OWNER ONLY:

I. Calculation of eligible income:

- (A) Enter amount entered for entire household from 6 above: \$ _____
- (B) If the amount entered in 7(a) above is greater than \$5,000, enter:
- (i) the product of the amount entered in 7(a) above multiplied by the current passbook savings rate as determined by HUD: \$ _____
- (ii) the amount entered in 7(b) above: \$ _____
- (iii) line (i) minus line (ii) (if less than \$0, enter \$0): \$ _____
- (C) TOTAL ELIGIBLE INCOME: \$ _____
(Line I(A) plus line I(B)(iii))

II. Qualification as individuals or a family of Very Low Income:

- (A) Is the amount entered in line I(C) less than 50% of median gross income for the Area?
- Yes _____ No _____
- (B) (i) If line II(A) is "No," then the household does not qualify as individuals or a family of Very Low Income; go to item III.
- (ii) If line II(A) above is "Yes" and 8(a) above is "No," then the household qualifies as individuals or a family of Very Low Income; go to item III.
- (iii) If line II(A) above is "Yes" and 8(b) above is "Yes," then the household qualifies as individuals or a family of Very Low Income; go to item III.
- (iv) If neither (ii) nor (iii) is applicable, then the household does not qualify as individuals or a family of Very Low Income.

III. (Check one)

The household does not qualify as individuals or a family of Very Low Income.
_____.

The household qualifies as individuals or a family of Very Low Income.
_____.

IV. Number of apartment unit assigned: _____
(enter here and on page one)

Borrower

NOTE TO PROJECT OWNER: A vacant unit that was previously a Very Low Income Unit, may be treated as a Very Low Income Unit until reoccupied, other than for a period of 31 consecutive days or less, at which time the character of the unit shall be redetermined.

OCCUPANCY CERTIFICATE

(To be filed with the Program Monitor along with a Verification of Income
upon the rental of a unit in the Project.)

Project: COURTYARD AT LA BREA

The tenant identified in the attached Verification of Income has entered into a lease with
respect to a unit in the above-described Project.

Such tenant is / is not (*circle one*) a Very Low Income Tenant.

The rental of a unit to such tenant will not result in a violation of any of the requirements
of the Loan Agreement or the Regulatory Agreement to which the Borrower is a party.

Witness

Borrower

Date: _____

Date: _____

EXHIBIT D

FORM OF ANNUAL TENANT INCOME RECERTIFICATION

HOUSING AUTHORITY OF THE COUNTY OF LOS ANGELES ANNUAL TENANT INCOME RECERTIFICATION

Project name _____

Apartment # _____ Date of Original Certification _____

Resident name _____

TO THE RESIDENT:

This form is a continuation of The Housing Authority of the County of Los Angeles (the "Issuer") Affordable Housing Program (the "Program") which was previously discussed with you. In order to keep you on the qualifying list, you will need to update the following information each year when you renew your lease. The Borrower is required by the Internal Revenue Code of 1986 and the Issuer to maintain this information in order to maintain the Program.

Household Composition:

- 1) Please list all of those individuals residing in your apartment.
- 2) Please list the anticipated annual income of all occupants of your household who are 18 years of age or older (if housemaker, or unemployed, etc.—please list as such).
- 3) If college or technical school student, please list if full-time or part-time student.

	NAME	SS#	AGE	ANTICIPATED ANNUAL INCOME*	OCCUPATION/STUDENT
1)					
2)					
3)					
4)					
5)					
6)					
7)					

*SEE INCOME DEFINITION ATTACHED TO THIS FORM.

DO YOU OWN OR HAVE YOU ACQUIRED OR HAVE YOU DISPOSED OF ANY ASSETS OVER \$5,000.00 IN THE PAST YEAR? _____

If so, please describe and list amount and annual income expected to be derived from such assets. _____

If all persons residing in your apartment are full-time students, please indicate for each such person whether they are: (1) a single parent living with his/her children; (2) a student receiving assistance under Title IV of the Social Security Act (Temporary Assistance for Needy Families); (3) a student enrolled in a job-training program receiving assistance under the Job Training Partnership Act or under other similar federal, state or local laws; (4) a student who was previously under the care and placement responsibility of a foster care program (under part B or E of Title IV of the Social Security Act); or (5) a student who is married and files a joint return. Single parents described in (1) above may not be dependents of another individual and their children may not be dependents of another individual other than their parents.

Please have all occupants over the age of 18 sign this certification.

I/we acknowledge that I/we have been advised that the making of any misrepresentation or misstatement in this declaration will constitute a material breach of my/our agreement with the Borrower to lease the unit and will entitle the Borrower to prevent or terminate my/our occupancy of the unit by institution of an action for ejection or other appropriate proceedings.

I/we declare under penalty of perjury that the foregoing is true and correct.

SIGNATURES:

DATE:

- | | |
|----------|-------|
| 1) _____ | _____ |
| 2) _____ | _____ |
| 3) _____ | _____ |
| 4) _____ | _____ |

MANAGER'S SIGNATURE:

DEFINITION OF INCOME

The full amount, before any payroll deductions, of wages, salaries, overtime, commissions, fees, tips, and bonuses; net income from the operation of a business or profession or from the rental of real or personal property (without deducting expenditures for business expansion or amortization of capital indebtedness or any allowance for depreciation of capital assets); interest and dividends (including income from assets excluded below); the full amount of periodic payments from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of periodic payments including any lump sum payment for the delayed start of a periodic payment; payments in lieu of earnings, such as unemployment and disability compensation, workers' compensation and severance pay; all public assistance income; periodic and determinable allowances such as alimony and child support payments, and regular contributions or gifts received from persons not residing in the dwelling; all regular and special pay and allowances of members of the Armed Forces (whether or not living in the dwelling) who are the head of the family or spouse; and any earned income tax credit to the extent that it exceeds income tax liability;

but excluding:

income from employment of children (including foster children) under the age of 18 years; payments received for the care of foster children or foster adults (usually individuals with disabilities, unrelated to the tenant family, who are unable to live alone); lump sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and workers' compensation), capital gains and settlement for personal or

property losses; amounts which are specifically for reimbursement of medical expenses; amounts of educational scholarships paid directly to the student or the educational institution, and amounts paid to a veteran for use in meeting the costs of tuition, fees, books and equipment, but in either case only to the extent used for such purposes; special pay to a serviceman head of a family who is away from home and exposed to hostile fire; amounts received under training programs funded by HUD; amounts received under Plan to Attain Self-Sufficiency; amounts for out-of-pocket expenditures incurred in connection with other public assistance programs; resident service stipend (not in excess of \$200 per month); amounts from state or local employment training programs; temporary, nonrecurring or sporadic income (including gifts); reparation payments paid by a foreign government to persons who were persecuted during the Nazi era; earnings in excess of \$480 for each full-time student 18 years old or older (excluding head of family and spouse); adoption assistance payments in excess of \$480 per adopted child; deferred periodic payments of supplemental social security income and benefits received in a lump sum; refunds or rebates of property taxes paid on the unit; payments from state agency to allow developmentally disabled family member to stay home; relocation payments under Title II of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970; foster child care payments; the value of coupon allotments for the purchase of food pursuant to the Food Stamp Act of 1964 which is in excess of the amount actually charges for the allotments; and payments to volunteers under the Domestic Volunteer Service Act of 1973.

EXHIBIT E

FORM OF CERTIFICATE OF CDLAC PROGRAM COMPLIANCE

Project Name: The Courtyard at La Brea Apartments

CDLAC Application No.: 11-109

Pursuant to Section 13 of Resolution No. 11-112 (the "Resolution"), adopted by the California Debt Limit Allocation Committee (the "Committee") on September 28, 2011, I, _____, an Officer of the Project Sponsor, hereby certify under penalty of perjury that, as of the date of this Certification, the above-mentioned Project is in compliance with all of the terms and conditions set forth in the Resolution.

I further certify that I have read the Resolution, which specifies that once the Bond is issued, the terms and conditions set forth in the Resolution shall be enforceable by the Committee through an action for specific performance or any other available remedy .

Please check or write N/A next to the items listed below:

_____The project is currently in the Construction or Rehabilitation phase.

_____The project received points for exceeding Title 24 by 10% or reducing energy use by 25% (Acquisition and Rehabilitation Projects). I have attached an Energy Performance Certificate approved by the Energy Commission with my first Annual Certification of Compliance.

Signature of Officer

Date

Printed Name of Officer

Title of Officer

EXHIBIT F

[Form of]

STATISTICAL REPORT TO ISSUER

Reporting Period: _____, ____.

Date: _____

As of the date hereof:

1. Total units: _____; units occupied by Very Low Income Tenants: _____; _____; vacant units most recently occupied by Very Low Income Tenants: _____; _____ other vacant units: _____.

2. Total units occupied by households with children, to the extent such information has been provided by tenants: _____; Very Low Income Units so occupied: _____.

3. To the extent such information has been provided by tenants, total units occupied by elderly households with a member of age 62 or over: _____; Very Low Income Units so occupied: _____.

4. The number of Very Low Income Tenants who terminated their rental agreements during the previous twelve (12) month period is _____.

5. The number of units rented to new Very Low Income Tenants during the last twelve (12) month period is _____.

6. To the extent such information has been provided by tenants, the family names of each household currently occupying a Very Low Income Unit are listed on the schedule attached hereto.

7. The number of Very Low Income Units of various sizes is:

studio:

one-bedroom:

two-bedroom:

three-bedroom:

BORROWER:

THE COURTYARD AT LA BREA, a California
limited partnership

By: West Hollywood Community Housing
Corporation, a California limited liability
company, its General Partner

By: _____
Name: _____
Title: _____

EXHIBIT G
CDLAC RESOLUTION